GeoMet, Inc.
Form DEF 14A
October 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

o Definitive Additional Materials
o Soliciting Material under §240.14a-12

GEOMET, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

GEOMET, INC.

1221 McKinney Street, Suite 3840

Houston, Texas 77010

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on December 10, 2015

NOTICE is hereby given that a special meeting of stockholders (the Special Meeting) of GeoMet, Inc. (the Company) will be held on December 10, 2015, at 2:00 p.m., local time, at 1221 McKinney Street, Suite 3840, Houston, Texas 77010, for the following purposes:

1. To approve the amendment and restatement of the Certificate of Designations (the Certificate of Designations) of the Company s Series A Convertible Redeemable Preferred Stock, par value $0.001 per share (the Preferred Stock), to (w) require that 6% of all net distributable assets to be paid or distributed in a dissolution of the Company be paid to the holders of the Company s common stock, par value $0.001 per share (the Common Stock), (x) delete a provision in the Certificate of Designations permitting the Company to repurchase up to $5.0 million in Common Stock without the consent of the holders of Preferred Stock, (y) make certain non-substantive and corrective changes and (z) integrate any prior amendments thereto;

2. To approve the dissolution of the Company pursuant to a Plan of Dissolution and Liquidation;

3. To grant discretionary authority to the Board of Directors of the Company to adjourn the Special Meeting, even if a quorum is present, to solicit additional proxies, if necessary or appropriate, in the event that there are insufficient shares present in person or by proxy voting in favor of the approval of the above proposals; and

4. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on October 15, 2015 are entitled to notice of and to vote at the Special Meeting or any adjournment thereof. A complete list of stockholders entitled to vote at the Special Meeting will be available for examination by any stockholder at the Company s offices, located at 1221 McKinney Street, Suite 3840, Houston, Texas 77010, for purposes relating to the Special Meeting,

during normal business hours for a period of 10 days before the Special Meeting.

Whether or not you expect to attend the Special Meeting in person, please submit a proxy as soon as possible. In order to submit a proxy, please call the toll-free number listed on the enclosed proxy card, use the internet as described on the enclosed proxy card, or complete, date and sign the enclosed proxy card and return it in the enclosed envelope, which requires no additional postage if mailed in the United States. If you attend the Special Meeting, and if you so choose, you may withdraw your proxy and vote in person.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice. A record of the Company s activities during 2014 and its consolidated audited financial statements for the year ended December 31, 2014 are contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2014, which is filed with the Securities and Exchange Commission.

Dated: October 26, 2015

By Order of the Board of Directors
/s/ William A. Wiederkehr, Jr.
William A. Wiederkehr, Jr.
Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE SPECIAL MEETING TO BE HELD ON DECEMBER 10, 2015

The Proxy Statement for the Special Meeting is available at http://www.proxyvote.com. The Control Number for accessing the materials is set forth on the accompanying proxy card.

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE OR SUBMIT YOUR PROXY BY INTERNET OR BY TELEPHONE. IF YOU DO ATTEND THE SPECIAL MEETING IN PERSON, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON. THE PROMPT RETURN OF PROXIES BY MAIL, INTERNET OR TELEPHONE WILL ENSURE A QUORUM AND SAVE THE COMPANY THE EXPENSE OF FURTHER SOLICITATION.

GEOMET, INC.

1221 McKinney Street, Suite 3840

Houston, Texas 77010

PROXY STATEMENT

For Special Meeting of Stockholders

To be Held on December 10, 2015

GENERAL

The accompanying proxy is solicited by the Board of Directors (the Board or the Board of Directors) of GeoMet, Inc., a Delaware corporation (the Company, we, us, our or GeoMet), for use at the special meeting of stockholders of the Company (the Special Meeting) to be held at time and place and for the purposes set forth in the foregoing notice. The approximate date on which this proxy statement (the Proxy Statement) and the accompanying proxy are first being sent to stockholders is November 1, 2015.

The cost of soliciting proxies will be borne by the Company. The Company may use certain of its officers and employees (who will receive no special compensation thereto) to solicit proxies in person or by telephone, facsimile, or similar means.

Proxies

Shares represented by valid proxies and not revoked will be voted at the Special Meeting in accordance with the directions given. If no direction is given, such shares will be voted in accordance with the recommendations of the Board unless otherwise indicated. Any stockholder returning a proxy may revoke it at any time before it has been exercised by giving written notice of such revocation to the Corporate Secretary of the Company, by filing with the Company a proxy bearing a subsequent date, or by voting in person at the Special Meeting. GeoMet has retained Alliance Advisors, LLC to assist with the solicitation of proxies from brokers, nominees and other institutional holders for an estimated fee of $6,500 plus its out-of-pocket expenses.

Voting Procedures and Tabulation

Holders of record of our common stock, par value $0.001 per share (the Common Stock), and Series A Convertible Redeemable Preferred Stock, par value $0.001 per share (the Preferred Stock), may submit a proxy using one of the following three methods:

By Mail: Stockholders of record may submit a proxy by signing, dating and returning the proxy card in the accompanying postage-paid envelope.

By Telephone: Stockholders of record may call the toll-free number on the accompanying proxy card to submit a proxy by telephone, in accordance with the instructions set forth on the proxy card and through voice prompts received during the call.

By Internet: www.proxyvote.com. Use the internet to submit your proxy and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the date of the Special Meeting. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

Proxies submitted by telephone or the internet are treated in the same manner as if the stockholder had signed, dated and returned the proxy card by mail. Therefore, stockholders of record electing to submit a proxy by telephone or the internet should not return their proxy cards by mail.

The Company will appoint an inspector of election to conduct the voting at the Special Meeting. Prior to the Special Meeting, the inspector will sign an oath to perform his duties in an impartial manner and to the best of his abilities. The inspector will ascertain the number of shares outstanding and the voting power of each share, determine the shares represented at the Special Meeting and the validity of proxies and ballots, count all votes and ballots and perform certain other duties as required by law.

The inspector will tabulate the number of votes cast for, against or withheld. The presence, in person or representation by proxy, of holders of a majority of the outstanding shares of Common Stock, including the outstanding shares of Preferred Stock, on an as-converted basis voting together with the holders of the Common Stock as a single class, is necessary to constitute a quorum (Special Meeting Quorum) for the transaction of business. In addition, the presence, in person or by proxy, of holders of a majority of the outstanding shares of Preferred Stock is necessary to constitute a quorum for Proposal No. 1, the amendment and restatement of the Certificate of Designations of the Preferred Stock (the Existing Certificate of Designations) to (w) require that 6% of all net distributable assets to be paid or distributed in a dissolution of the Company be paid to the holders of our Common Stock, (x) delete a provision in the Existing Certificate of Designations permitting the Company to repurchase up to $5.0 million in Common Stock without the consent of the holders of our Preferred Stock, (y) make certain non-substantive and corrective changes and (z) integrate any prior amendments thereto (the COD Amendment), and Proposal No. 2, the dissolution of the Company pursuant to a Plan of Dissolution (the Plan of Dissolution).

Assuming the presence of the requisite quorums, Proposal Nos. 1 and 2 must be approved by the holders of (i) at least 50% of the outstanding shares of Preferred Stock, voting as a separate class, and (ii) a majority of the outstanding shares of Common Stock and the outstanding shares of Preferred Stock (on an as converted basis) entitled to vote thereon, voting together as a single class. Also, assuming the presence of the requisite quorum, Proposal No. 3 must be approved by the affirmative vote of a majority of the outstanding shares of Common Stock and the outstanding shares of Preferred Stock (on an as converted basis) present, in person or by proxy, and entitled to vote at the Special Meeting, voting together as a single class.

Brokers who hold shares in street name for customers are required to vote shares in accordance with instructions received from the beneficial owners. Brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a broker non-vote) on non-discretionary items absent instructions from the beneficial owner. Brokers do not have discretionary voting authority with respect to matters to be voted on at the Special Meeting, except regarding Proposal No. 3.

Abstentions and broker non-votes will count in determining whether a Special Meeting Quorum is present at the Special Meeting. For purposes of Proposal Nos. 1 and 2, abstentions and broker non-votes will count as a vote against the respective proposal. For purposes of Proposal No. 3, abstentions will be included in the number of shares voting and will have the effect of a vote against the proposal.

Voting Securities

The voting securities of the Company outstanding are the Common Stock and the Preferred Stock. Only the holders of record of Common Stock and Preferred Stock at the close of business on October 15, 2015, the record date (the Record Date) for the Special Meeting, are entitled to notice of, and to vote at, the Special Meeting. On the Record Date, there were 40,513,373 shares of Common Stock and 7,217,015 shares of Preferred Stock outstanding and entitled to be voted at the Special Meeting. A Special Meeting Quorum is necessary to transact business at the Special Meeting. In addition, the presence, in person or by proxy, of holders of a majority of the outstanding shares of Preferred Stock is necessary to constitute a quorum for Proposal Nos. 1 and 2. Each holder of Common Stock is entitled to one vote per share of Common Stock and each holder of Preferred Stock is entitled one vote per share of Common Stock into which the holder s Preferred Stock is convertible on all matters submitted to a vote of the holders of the Common Stock at the Special Meeting. Shares of Preferred Stock are convertible at the rate of 7.692307692 shares of Common Stock per share of Preferred Stock, eliminating fractional shares. Consequently, 100 shares of Preferred Stock would represent aggregate voting power of 769 shares of Common Stock after eliminating the remaining fractional share. In total, the 7,217,015 shares of the outstanding Preferred Stock represent aggregate voting power of not more than 55,515,500 shares of Common Stock, representing 57.8% of the combined voting power of the Common Stock and Preferred Stock.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of October 1, 2015, with respect to beneficial ownership of the Common Stock and the Preferred Stock by: (i) each person who, to our knowledge, beneficially owned more than 5% of the shares of the Common Stock or the Preferred Stock outstanding as of such date, (ii) each of our directors, (iii) our former Chief Executive Officer, current Chief Executive Officer and Chief Financial Officer, and (iv) all directors and executive officers as a group.

For purposes of the following table, beneficial ownership is determined in accordance with the rules of Securities and Exchange Commission (the SEC), except as noted in footnote 2 below. Except as otherwise noted in the footnotes below, we believe that each person or entity named in the table has sole voting and investment power with respect to all shares of its Common Stock and Preferred Stock shown as beneficially owned by them, subject to applicable community property laws. The percentage of shares of Common Stock outstanding is based on 40,513,373 shares of Common Stock outstanding as of October 1, 2015. The percentage of shares of Preferred Stock outstanding is based on 7,217,015 shares of Preferred Stock outstanding as of October 1, 2015.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned (1)(2)	% Of Total Common Shares Outstanding (2)	Number of Series A Preferred Shares Beneficially Owned	% Of Total Series A Preferred Shares Outstanding	Number of Total Voting Shares (3)	% Of Total Voting Shares (3)
Sherwood Energy, LLC (4) 1221 Lamar Street, 10th Floor, Suite 1001 Houston, Texas 77010		%	4,226,131	58.6%	32,508,699	33.9%
Bradford T. Whitmore (5) 1560 Sherman Avenue, Suite 900 Evanston, Illinois 60201		%	1,978,002	27.4%	15,215,399	15.8%
Yorktown Energy Partners IV, L.P. 410 Park Avenue New York, New York 10022	12,437,072	30.7%			12,437,072	13.0%
T. Rowe Price Associates, Inc. (6) 100 East Pratt Street Baltimore, Maryland 21202	180,000	0.4%	616,541	8.5%	4,922,623	5.1%
CrossCap Management, Inc. (7) 5851 San Felipe, Suite 230 Houston, Texas 77057	3,701,000	9.1%			3,701,000	3.9%
Stanley L. Graves (8) 1221 McKinney Street, Suite 3840 Houston, Texas 77010	187,519	0.5%	10,445	0.1%	267,865	0.3%
Michael Y. McGovern 1221 McKinney Street, Suite 3840 Houston, Texas 77010	106,125	0.3%			106,125	0.1%
Tony Oviedo 1221 McKinney Street, Suite 3840 Houston, Texas 77010	89,984	0.2%			89,984	0.1%

All executive officers and directors as a group (three persons)	383,628	0.9%	10,445	0.1%	463,974	0.5%

(1) Unless otherwise indicated, all outstanding shares of Common Stock are held directly with sole voting and investment power.

(2) Excludes shares of Common Stock issuable on conversion of shares of Preferred Stock.

(3) Our outstanding Preferred Stock votes on an as-converted basis with the Common Stock. As of October 1, 2015, we had outstanding 40,513,373 shares of Common Stock and 7,217,015 shares of Preferred Stock, which were entitled to 55,515,500 votes, for a total of 96,028,873 voting shares. The total voting shares owned represents the number of votes that the person or entity indicated in the table is entitled to vote by reason of such person s or entity s ownership of Common Stock and Preferred Stock as of October 1, 2015. The percent of total voting shares represents the number of votes the person or entity is entitled to vote divided by the total number of votes that may be cast as of October 1, 2015.

(4) Based on a Schedule 13D filed on September 14, 2010 and additional information available to us, the reported shares are owned directly by Sherwood Energy, LLC (Sherwood). The Schedule 13D states that, because of their relationships to Sherwood, the following persons may be deemed to indirectly beneficially own the reported shares: Cadent Energy Partners II, L.P., a Delaware limited partnership, Cadent Energy Partners II-GP, L.P., a Delaware limited partnership, CEP II-GP, LLC, a Delaware limited liability company, Cadent Energy Partners, LLC, a Delaware limited liability company, Paul McDermott and Bruce Rothstein. Indirect beneficial ownership may be attributed to the persons other than Sherwood solely because of their control relationship with respect to Sherwood. Mr. McGovern, our Chairman of the Board, Chief Executive Officer and President, is also the Chairman and Chief Executive Officer of Sherwood, and disclaims beneficial ownership of the reported shares.

(5) Based on a Schedule 13D filed on October 2, 2015, Grace Brothers, Ltd. (Grace Brothers) has sole voting power over 0 shares of Preferred Stock, shared voting power over 1,268,700 shares of Preferred Stock, sole dispositive power over 0 shares of Preferred Stock and shared dispositive power over 1,268,700 shares of Preferred Stock. Grace Brothers address is 1560 Sherman Avenue, Suite 900, Evanston, Illinois 60201. Bradford T. Whitmore (Whitmore) and Spurgeon Corporation (Spurgeon) are the general partners of Grace Brothers. Whitmore has sole voting power over 709,302 shares of Preferred Stock, shared voting power over 1,268,700 shares of Preferred Stock, sole dispositive power over 709,302 shares of Preferred Stock and shared dispositive power over 1,268,700 shares of Preferred Stock. Spurgeon has sole voting power over 0 shares of Preferred Stock, shared voting power over 1,268,700 shares of Preferred Stock, sole dispositive power over 0 shares of Preferred Stock and shared dispositive power over 1,268,700 shares of Preferred Stock. Spurgeon s address is 407 S. Third Street, Suite 230, Geneva, Illinois 60134.

(6) Represents shares of Common Stock and shares of Preferred Stock owned at December 31, 2014 based on information contained in a Schedule 13G/A filed on February 11, 2015 with the SEC and additional information available to us. These shares are owned by various individual and institutional investors for which T. Rowe Price Associates, Inc. (Price Associates) serves as an investment advisor with power to direct investments and/or sole power to vote the shares. For the purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), Price Associates is deemed to be a beneficial owner of such shares; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such shares.

(7) Represents shares of Common Stock owned at August 1, 2014 based on information contained in a Schedule 13G filed on October 7, 2014 with the SEC. CrossCap Management, Inc. has sole voting power over 0 shares of Common Stock, shared voting power over 3,701,000 shares of Common Stock, sole dispositive power over 0 shares of Common Stock and shared dispositive power over 3,701,000 shares of Common Stock.

(8) Includes 5,000 shares of Common Stock and 847 shares of Preferred Stock that are held in a Simplified Employee Pension Plan account (SEP account) in the name of Mr. Graves, and 6,000 shares of Common Stock and 1,021 shares of Preferred Stock that are held jointly with Mr. Graves wife.

PROPOSAL NO. 1:

COD AMENDMENT

Background and Reasons for the Proposed Amendment

In connection with the Plan of Dissolution, our Board of Directors adopted a resolution declaring it advisable and in our best interests and the best interests of our stockholders to amend and restate the Existing Certificate of Designations, as set forth in the proposed Amended and Restated Certificate of Designations of the Preferred Stock, the form of which is attached to this Proxy Statement as Appendix A (the Amended and Restated Certificate of Designations). See Proposal No. 2: Approval of the Dissolution Background of the Proposed Dissolution and the COD Amendment and Reasons for Dissolution and the COD Amendment for a discussion on the background and reasons for the COD Amendment.

Material Effects of Proposed Amendment

This Proposal No. 1 amends and restates the Existing Certificate of Designations to (x) require that 6% of all net distributable assets to be paid or distributed in a dissolution of the Company be paid to the holders of our Common Stock and (y) delete a provision in the Existing Certificate of Designations permitting the Company to repurchase up to $5.0 million in Common Stock without the consent of the holders of our Preferred Stock. Absent the concession in clause (x) above from the holders of our Preferred Stock (if approved), the holders of our Common Stock would not receive any distributions as a result of the dissolution of the Company because the aggregate liquidation preference of the outstanding shares of Preferred Stock exceeds the amount that the Company expects to distribute to stockholders in the dissolution. In addition, the COD Amendment contains some non-substantive changes and integrates prior amendments to the Existing Certificate of Designations.

A copy of the Amended and Restated Certificate of Designations is attached as Appendix A to this Proxy Statement. Material features of the COD Amendment are summarized hereto. This summary of the COD Amendment may not contain all of the information that is important to you. **We encourage you to read the Amended and Restated Certificate of Designations in its entirety.**

Required Vote

Assuming the presence of the requisite quorum, Proposal No. 1, the COD Amendment, must be approved by the holders of (i) at least 50% of the outstanding shares of Preferred Stock, voting as a separate class, and (ii) a majority of the outstanding shares of Common Stock and the outstanding shares of Preferred Stock (on an as converted basis) entitled to vote thereon, voting together as a single class. The COD Amendment is contingent upon the approval of the Plan of Dissolution, and the Plan of Dissolution is contingent upon the approval of the COD Amendment. Neither the Plan of Dissolution nor the COD Amendment will be implemented unless both proposals are approved by our stockholders. In connection with the COD Amendment and the Plan of Dissolution, Sherwood, the holder of a majority of the Preferred Stock and approximately 33.9% of the Common Stock (on an as converted basis), and the Company have entered into a voting agreement (the Voting Agreement) pursuant to which, subject to certain exceptions, Sherwood has agreed to vote its shares of Preferred Stock in favor of the COD Amendment and the Plan of Dissolution. See Proposal No. 2: Approval of the Dissolution for a discussion on the background and reasons for the Voting Agreement. A copy of the Voting Agreement is attached as Appendix C to this Proxy Statement.

The COD Amendment if approved by the Company s stockholders as described herein and adopted, will become effective upon the filing of the Certificate of Amendment setting forth the Amended and Restated Certificate of Designations with the Delaware Secretary of State (or at such later time as set forth therein). In any event, the COD Amendment would be effective no later than the effective time of the Company s dissolution.

Recommendation of our Board of Directors

Our Board of Directors recommends that our stockholders vote **FOR** the approval of Proposal No. 1.

PROPOSAL NO. 2:

APPROVAL OF THE DISSOLUTION

SUMMARY

This summary term sheet highlights selected information contained in this Proxy Statement related to the proposed dissolution of GeoMet. This summary term sheet may not, however, contain all of the information relating to this proposal that is important to you. To more fully understand the proposed dissolution of GeoMet, and for a more complete description of the terms of the related Plan of Dissolution, you should carefully read this entire Proxy Statement and the documents delivered with this Proxy Statement.

The Company

The Company no longer has any meaningful revenue-producing operations, having exited in the first half of 2014 its historical operations of exploration, development and production of natural gas from coal seams (coalbed methane or CBM).

On May 12, 2014, we closed the sale of substantially all of our remaining assets (the Asset Sale). Prior to the completion of the Asset Sale, we were engaged in the exploration, development and production of CBM. All of our production was CBM, which is a dry natural gas containing no hydrocarbon liquids. We were originally founded as a consulting company to the coalbed methane industry in 1985 and were active as an operator, developer and producer of coalbed methane properties since 1993 until the Asset Sale. Our principal operations and producing properties were located in the Central Appalachian Basin in Virginia, West Virginia and the Cahaba Basin in Alabama.

Subsequent to the Asset Sale, completion of the related final purchase price adjustment and performance of the related transition services agreement, we have focused our efforts towards (i) preserving cash by reducing overhead costs, (ii) maintaining compliance as a reporting company subject to the periodic and current reporting requirements of Section 13(a) of the Exchange Act, (iii) winding down operatorship obligations and all remaining residual liabilities and (iv) actively pursuing corporate transaction/merger opportunities. As of September 30, 2015, we have three employees, two of which are paid, and, within the last year, we have eliminated all employee benefits, terminated our office lease with respect to our office located at 909 Fannin Street, Suite 1850, Houston, Texas, 77010 and moved to a smaller office space.

Our principal executive office is located at 1221 McKinney Street, Suite 3840, Houston, Texas, 77010, and our telephone number at that address is (713) 659-3855. You can find more information about us in the documents that are delivered with this Proxy Statement. See Where You Can Find More Information.

The Meeting

We are holding the Special Meeting on December 10, 2015, as further described herein. At the Special Meeting, you will be asked to consider and vote upon proposals to: (1) approve the COD Amendment; (2) approve the dissolution of the Company pursuant to the Plan of Dissolution; (3) grant discretionary authority to the Board to adjourn the Special Meeting to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting to approve the above proposals; and (4) transact such other business as may properly come before the Special Meeting (or any adjournments or postponements of the Special Meeting) by or at the direction of the Board. In light of the nature of the proposals regarding the dissolution referenced above, we set forth below a summary of selected information contained elsewhere in this Proxy Statement related to the proposed dissolution.

The Plan of Dissolution

General ***(See page 20)***	At the Special Meeting, our stockholders will be asked to approve the dissolution of the Company pursuant to the Plan of Dissolution, which was approved by our Board on October 16, 2015.

The Board has determined that dissolution of the Company is advisable and in our best interests and the best interests of our stockholders. The Board has recommended that the Company s stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution at the Special Meeting. Delaware law provides that a corporation may dissolve upon the determination by the board of directors that such dissolution is advisable and in the best interests of the corporation and its stockholders and the subsequent approval of the dissolution by the corporation s stockholders. If necessary or appropriate in the discretion of the Board of Directors, stockholders may be asked to vote in favor of adjourning the Special Meeting to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting to approve the dissolution of the Company pursuant to the Plan of Dissolution.

If the dissolution of the Company pursuant to the Plan of Dissolution is approved by our stockholders, we expect the following:

- Unless our Board abandons the Plan of Dissolution to pursue a superior alternative, we will file a Certificate of Dissolution (the Certificate of Dissolution) with the Delaware Secretary of State dissolving GeoMet as promptly as practicable after the Special Meeting. The precise timing of the filing of the Certificate of Dissolution will be determined by our Board of Directors. The effective date of the filing of the Certificate of Dissolution with the Delaware Secretary of State is sometimes referred to herein as the Final Record Date and would be no sooner than the date the COD Amendment becomes effective;
- Pursuant to the General Corporation Law of the State of Delaware (the DGCL), we will continue to exist for at least three years after our dissolution, or for such longer period as the Delaware Court of Chancery shall direct, for the purpose of enabling us to continue to close our business, dispose of our property, resolve outstanding litigation, discharge our liabilities and distribute to our stockholders any remaining assets;
- We will close our stock transfer books and discontinue recording transfers of shares of our Common Stock and Preferred Stock on our books and records as of the close of business on the Final Record Date. Thereafter, record holders of shares of our Common Stock and Preferred Stock will not be able to assign or otherwise transfer their shares, except assignments by will, intestate succession, or operation of law. However, persons who hold ownership interests in our shares through a broker, bank or other nominee, or in book-entry form through The Depository Trust Company (DTC), may be able to assign or transfer their interests following the filing of the Certificate of Dissolution. See Proposal No. 2: Approval of the Dissolution Delisting and Lack of Market for Trading of the Common Stock and Preferred Stock and Interests in a Liquidating Trust or Trusts ; and
- After the Final Record Date, we will make distributions solely to stockholders of record as shown on the Company s stock ledger. The list of record holders will consist of those stockholders who held record ownership of shares of Common Stock or Preferred Stock as of the close of business on the Final Record Date, subject to subsequent transfers recorded on our books as a result of any assignments by will, intestate succession, or operation of law. Persons who hold ownership interests in our shares in book-entry form through DTC, and other persons with ownership interests held in street name by a broker, bank or other nominee, are not record holders and will not receive distributions directly from the Company but should instead contact DTC or such broker, bank or other nominee

for information regarding payment of distributions made by us.

The Board of Directors may modify or amend the Plan of Dissolution at any time, notwithstanding stockholder approval of the Plan of Dissolution, if the Board of Directors determines that such action would be in the best interests of the Company and our stockholders. The Board of Directors will have authority under the Plan of Dissolution to make any such modification or amendment to the Plan of Dissolution without stockholder approval. Moreover, prior to the effective time of the filing of the Certificate of Dissolution, the Board of Directors may abandon the dissolution and the

Plan of Dissolution altogether without further stockholder approval. ***Consequently, even if dissolution is approved by the Company s stockholders, the Board of Directors retains the right to consider other alternatives and abandon the dissolution and Plan of Dissolution, should a superior alternative arise before the effective time of the filing of the Certificate of Dissolution with the Delaware Secretary of State.***

After the Certificate of Dissolution becomes effective upon being accepted and date-stamped by the Delaware Secretary of State, which initiates the dissolution process (or such later time as specified in the certificate), the Board of Directors cannot abandon the Plan of Dissolution without stockholder approval, and would also need stockholder approval to revoke the dissolution of the Company on the records of the Delaware Secretary of State. See Risk Factors to be Considered by Stockholders in Deciding Whether to Approve the Dissolution.

Reasons for Dissolution
(See page 26)

The Board of Directors believes that it is in the best interests of the Company s stockholders for the Company to dissolve, liquidate and distribute to stockholders its available assets. In arriving at such determination, our Board of Directors considered the dissolution, liquidating and winding-up process under Delaware law, as well as other available strategic alternatives. As part of our evaluation process, our Board of Directors considered, among other factors, the risks and timing of each alternative available to the Company, as well as management s financial projections, and consulted with management and the Company s legal advisors.

As a result of its evaluation, our Board of Directors concluded that dissolution under Delaware law is our best currently available alternative and is in our best interests and the best interests of our stockholders. Accordingly, our Board of Directors approved the dissolution of the Company pursuant to the Plan of Dissolution and recommends that our stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution.

Conduct of the Company Following the Approval of the Plan of Dissolution
(See page 30)

Unless our Board abandons the Plan of Dissolution to pursue a superior alternative, we will file a Certificate of Dissolution with the Delaware Secretary of State dissolving GeoMet as promptly as practicable after the Special Meeting. The precise timing of the filing of the Certificate of Dissolution will be determined by our Board of Directors. From and after the effective date of such filing, we will continue in existence for at least three years as a non-operating company for purposes of, among other things, settling our affairs and closing our business, monetizing, disposing of and conveying our property, discharging our liabilities, prosecuting and defending suits and distributing remaining assets to stockholders. We shall not, however, be empowered to continue the business for which we were organized. See Proposal No. 2: Approval of the Dissolution Summary of the Plan of Dissolution and the Dissolution Process.

Expected Distributions to Stockholders; Timing
(See page 32)

We cannot predict with certainty the amount of any liquidating distributions to our stockholders. As of September 30, 2015, we had approximately $18.6 million in cash. We currently estimate that the initial liquidating distribution to our stockholders will be approximately $11.8 million ($1.5368 per share of Preferred Stock and $0.0175 per share of Common Stock, assuming the approval of the COD Amendment). However, the Board intends to continue to monitor the Company s assets, liabilities and expenses and will not make a final decision regarding the size of the initial liquidating distribution until after the filing of the Certificate of Dissolution with the Delaware Secretary of State. For more detail on the various factors that could affect the ultimate size of the initial liquidating distribution, please see Risk Factors The amount we distribute to our stockholders in the initial liquidating distribution may be substantially less than the estimates set forth in this Proxy Statement. Subject to completion of the notice and claims process provided by Section 280 of the DGCL and any prior court approval required under Delaware law, we expect to make this initial liquidating distribution to our stockholders of record as soon as practicable after the effective date of the filing of the Certificate of Dissolution with the Delaware Secretary of State. Since we will effect the Plan of Dissolution pursuant to Sections 280 and 281(a) of the DGCL, a period of time, likely more than nine months but potentially a significantly longer period, must elapse after the filing of the Certificate of Dissolution with the Delaware Secretary of State and commencement of the wind down process before we may make any liquidating distributions (including the initial liquidating distribution), if any, to allow for the notice and claims process.

The amount of this estimated initial distribution reflects our current liquid assets offset in part by provisions, or reserves, for future operating costs and expenses associated with the dissolution as well as the September 30, 2015 cash dividend. In addition, Delaware law requires that, in connection with a dissolution, our Board of Directors make reasonable provision for known and potential claims and obligations of the Company and maintain those reserves until resolution of such matters, and similar legal requirements apply to our subsidiary. The Board of Directors, in consultation with its legal counsel, has evaluated the liabilities, expenses, and known potential claims and obligations of the Company and its subsidiary, as well as other matters, in order to estimate the amount that we plan to reserve and consequently, the amount of our initial liquidating distribution.

The Board of Directors currently believes that it will be able to make additional liquidating distributions only in the event that there are any remaining cash reserves. The Board of Directors acknowledges that it is possible the reserves required by applicable law may exceed the ultimate amounts the Company and its subsidiary will be required to pay creditors and other claimants, and that, therefore, there is a possibility that a portion of the reserves ultimately will be distributed to stockholders. The Board intends to evaluate the Company s reserves and available cash on a quarterly or, as appropriate, other periodic basis. Subject to any prior court approval required under Delaware law, additional liquidating distributions, if any, will be made to the extent the required contingency reserves are released (assuming no new reserves are required to be established), which would likely span a multi-year period.

The amount distributed to stockholders, both initially and in total, may vary substantially from the amounts we currently estimate based on many factors, including when the Certificate of Dissolution is filed with the Delaware Secretary of State, the resolution of outstanding known claims and obligations of the Company, the incurrence of unexpected or greater-than-expected losses with respect to contingent liabilities, the assertion of claims that are currently unknown to us, the need to dissolve and windup of our subsidiary, recoveries, if any, on claims made against third parties for monetary damages, and costs incurred to windup our business. Further, if additional amounts ultimately are determined to be necessary to satisfy or make provision for any of these obligations, stockholders may receive substantially less than the current estimates. Under certain circumstances, stockholders may be required to return liquidating distributions and may receive nothing from us in the dissolution. See Risk Factors Stockholders could be held liable to creditors, up to the amount actually distributed to such stockholder in dissolution.

Contingent Liabilities; Reserves (see page 35)

Under the DGCL, we are required, in connection with our dissolution, to pay or make reasonable provision for payment of all of our liabilities and obligations. Assuming the approval of the dissolution of the Company pursuant to the Plan of Dissolution by our stockholders, we will pay all known non-contingent liabilities. We currently estimate that we and our subsidiary together will reserve approximately $6.8 million ($0.8893 per share of Preferred Stock and $0.0101 per share of Common Stock, assuming the approval of the COD Amendment) to pay operating expenses incurred from October 1, 2015 through completion of the dissolution and windup process. Included in that estimate is $3.5 million to make provision for claims that are subject to any unknown or contingent claims and obligations as required by Delaware law.

The estimated amount of these reserves are based upon estimates and judgment of management and the Board of Directors and derived from consultations with outside experts and a review of our estimated operating expenses and future estimated liabilities, including, without limitation, estimated legal, accounting and consulting fees, estimated payroll, other taxes payable and estimated miscellaneous office expenses. There can be no assurance that these estimated amounts will be sufficient. If we underestimated the costs of the liquidation process or the funds needed to satisfy obligations, liabilities and claims during the liquidation process, we may be required to increase the amount of these reserves. Subject to any prior court approval required under Delaware law and after

the liabilities, expenses and obligations for which these reserves are established have been satisfied in full (or determined not to be owed), we will distribute to our stockholders any remaining portion of these reserves, assuming no new reserves are required to be established.

OTC Pink; Trading Matters
(See page 36)

If our stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution, we will, as required by the Financial Industry Regulatory Authority, Inc. (FINRA), give advance notice of our dissolution, which could eliminate or restrict the trading of our securities on the OTC Pink or other over-the-counter markets. We anticipate that we would submit such notice to FINRA at least 10 days before the Final Record Date or as soon thereafter as is reasonably practicable. However, we have limited control over the trading of our securities on the over-the-counter markets, and our securities could cease trading on the OTC Pink or other over-the-counter markets at any time.

As described more fully under Proposal No. 2: Approval of the Dissolution Delisting and Lack of Market for Trading of the Common Stock and Preferred Stock and Interests in the Liquidating Trust or Trusts, while record holders of shares of our Common Stock and Preferred Stock will generally be prohibited under Delaware law from transferring record ownership of their shares after the close of business on the Final Record Date, persons who hold their ownership interests in our shares in book-entry form through DTC and other persons with ownership interests held in street name by a broker, bank or other nominee may be able to continue to make transfers of their ownership interests. However, such transfers of beneficial ownership could be made only if they do not necessitate a change in the record holder of shares of our Common Stock or Preferred Stock. Should our stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution, we intend to notify record holders of shares of our Common Stock and Preferred Stock of the anticipated filing date of the Certificate of Dissolution so that record holders who are also beneficial owners (that is, record holders other than those holding purely in a nominee capacity) can, if they so choose, seek to transfer record ownership (while retaining beneficial ownership) prior to the closing of our transfer books. See Proposal No. 2: Approval of the Dissolution Summary of the Plan of Dissolution and the Dissolution Process.

Even if you hold transferable interests in our Common Stock and/or Preferred Stock after the Final Record Date, we cannot assure you that you will be able to transfer such interests on a cost-effective basis or at all.

Reporting Requirements
(See page 37)

If the dissolution of the Company pursuant to the Plan of Dissolution is approved, in order to curtail expenses, we plan to seek to terminate our registration under the Exchange Act. We may not, however, be eligible to do so. If we are not eligible to deregister, we may seek to curtail our reporting activities under the Exchange Act by seeking relief from the SEC or otherwise. We may nevertheless be required to continue to bear the expense of complying with all applicable reporting requirements under the Exchange Act. The costs of compliance with such reporting requirements would reduce the amount which otherwise could be distributed to stockholders. Although we may elect to continue to provide information about us to the public or our investors after we cease to file reports under the Exchange Act (if we are successful in terminating our obligations thereunder), either on our website or by other means, there is no guaranty that we will do so or that we will continue to provide such information in the future.

Interests of the Board and Management in the Dissolution of the Company
(See page 38)

Members of our Board of Directors and our executive officers may have interests in the approval of the dissolution of the Company pursuant to Plan of Dissolution that are different from, or are in addition to, the interests of our stockholders generally. These potential interests include an indemnification insurance policy purchased for the benefit of directors and officers and/or our continuing indemnification obligations to directors. In addition, certain of our officers and directors may own shares of our Common Stock and Preferred Stock and may be entitled to receive liquidating distributions on a pro rata basis in respect of such shares in the dissolution of the Company when and if such liquidating distributions are made by the Company. Mr. McGovern, our Chairman of the Board, Chief Executive Officer and President, is also the Chairman and Chief Executive Officer of Sherwood, our largest holder of Preferred Stock. Our Board of Directors was aware of these interests and considered them, among other matters, in approving the Plan of Dissolution.

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Certain Material U.S. Federal Income Tax Consequences ***(See page 40)***	As described in Proposal No. 2 Approval of the Dissolution Material United States Federal Income Tax Consequences of Our Dissolution, and subject to the limitations, assumptions and qualifications therein, amounts received by stockholders pursuant to the Plan of Dissolution will first be applied against and reduce a stockholder s tax basis in his, her or its shares of stock. Gain will be recognized as a result of a liquidating distribution to the extent that the aggregate value of the distribution and any prior liquidating distributions received by a stockholder with respect to a share exceeds his or her tax basis for that share. If we make more than one liquidating distribution, each liquidating distribution will be allocated proportionately to each share of stock owned by a stockholder. Any loss will generally be recognized only when the final distribution from us has been received and then only if the aggregate value of all liquidating distributions with respect to a share is less than the stockholder s tax basis for that share. Gain or loss recognized by a stockholder will be capital gain or loss provided the shares are held as capital assets, and will be long-term capital gain or loss if the stock has been held for more than one year. However, the Internal Revenue Service (the IRS) may take the position that the entire proceeds of the liquidating distribution is deemed to have been received pro rata by the holders of our Preferred Stock followed by a payment equal to the distribution received by the holders of our Common Stock from the holders of our Preferred Stock, which is taxable as ordinary income to the holders of our Common Stock. **Stockholders are urged to consult their own tax advisors as to the specific tax consequences to them of our dissolution pursuant to the Plan of Dissolution.**
Required Stockholder Vote ***(See page 42)***	The approval of the dissolution of the Company pursuant to the Plan of Dissolution must be approved by the holders of (i) at least 50% of the outstanding shares of Preferred Stock, voting as a separate class, and (ii) a majority of the outstanding shares of Common Stock and the outstanding shares of Preferred Stock (on an as converted basis) entitled to vote thereon, voting together as a single class. Abstentions and broker non-votes will have the same effect as votes against the proposal to approve the dissolution of the Company pursuant to the Plan of Dissolution. In connection with the Plan of Dissolution and the COD Amendment, Sherwood, the holder of a majority of the Preferred Stock and approximately 33.9% of the Common Stock (on an as converted basis), and the Company have entered into the Voting Agreement pursuant to which, subject to certain exceptions, Sherwood has agreed to vote its shares of Preferred Stock in favor of the Plan of Dissolution and the COD Amendment. See Proposal No. 2: Approval of the Dissolution for a discussion on the background and reasons for the Voting Agreement. A copy of the Voting Agreement is attached as Appendix C to this Proxy Statement.
Recommendation of Our Board of Directors ***(See page 43)***	On October 16, 2015, our Board of Directors determined that the dissolution of the Company, and the other transactions contemplated thereby, are advisable and in the best interests of us and our stockholders. On October 16, 2015, our Board of Directors (1) approved in all respects the Plan of Dissolution and the other transactions contemplated thereby; and (2) recommended that our stockholders vote **FOR** the approval of the dissolution of the Company pursuant to the Plan of Dissolution. Our Board of Directors further recommends that you vote **FOR** the COD Amendment and **FOR** the adjournment proposal.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement contains certain forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, can, will, should, could, expect, plan, anticipate, believe, estimate, predict, intend, potential or continu terms or other comparable terminology. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements, including, without limitation, statements regarding the dissolution of the Company, the availability, amount or timing of liquidating distributions to stockholders, the adequacy of reserves established to satisfy the Company s obligations, the belief that a substantial amount of the contingency reserves will ultimately be distributed to the stockholders and the possibility that an alternative, value-creating transaction may be proposed, involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from our expectations of future results, performance or achievements expressed or implied by such forward-looking statements. These risks include the risk that we may incur additional liabilities, that we may have liabilities of which we are not currently aware, that the cost of settlement of our liabilities and contingent obligations could be higher than we expect, that monetization of our few remaining non-cash assets, including claims we may have in the future or make against third parties, if any, may take longer and be for amounts that are less than we expect, all of which would impact our ability to make any liquidating distributions to our stockholders. Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future events or results. Except as may be required under federal law, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur.

RISK FACTORS TO BE CONSIDERED BY STOCKHOLDERS IN DECIDING WHETHER TO APPROVE THE DISSOLUTION

There are many factors that our stockholders should consider when deciding whether to vote to approve the dissolution of the Company pursuant to the Plan of Dissolution. Such factors include those risk factors set forth below. You should carefully consider the following risk factors, together with all of the other information included and incorporated by reference in this Proxy Statement, before you decide whether to vote or instruct your vote to be cast to approve the proposals described in this Proxy Statement.

Without the COD Amendment, the holders of our Common Stock would not receive any cash in the event of dissolution and will only receive 6% of the Company s assets distributed pursuant to the Plan of Dissolution after giving effect to the COD Amendment.

Based on the advice of management regarding the current lack of potential business opportunities available to the Company and the advice of the Company s tax, accounting, legal and other experts, our Board determined it to be in the best interest of the Company and our stockholders to dissolve the Company and terminate its existence and to approve the Plan of Dissolution. Our remaining cash, as of September 30, 2015, was approximately $18.6 million. Since the holders of our Preferred Stock are entitled to an approximately $72.2 million liquidation preference, absent the COD Amendment, no cash would be received by the holders of our Common Stock in our dissolution. The Plan of Dissolution, however, is contingent upon the approval of the COD Amendment. In addition, in connection with the Plan of Dissolution and the COD Amendment, Sherwood, the holder of a majority of the Preferred Stock and approximately 33.9% of the Common Stock (on an as converted basis), and the Company have entered into the Voting Agreement pursuant to which, subject to certain exceptions, Sherwood has agreed to vote its shares of Preferred Stock in favor of the Plan of Dissolution and the COD Amendment. Even with the COD Amendment, holders of our Common Stock will only receive 6% of the Company s assets distributed pursuant to the Plan of Dissolution.

The amount we distribute to our stockholders in the initial liquidating distribution may be substantially less than the estimates set forth in this Proxy Statement.

At present, we cannot determine with certainty the amount of our initial liquidating distribution to our stockholders. The amount of cash distributed to our stockholders in the initial liquidating distribution depends on, among other things, the amount of our liabilities, obligations and expenses and claims against us, and the amount of the reserves that we establish during the liquidation process. Our estimates of these amounts may be inaccurate. Factors that could impact our estimates include the following:

- if we underestimate the amounts needed to satisfy or make provision for outstanding obligations, liabilities and claims during the liquidation process;

- if unforeseen claims are asserted against us, requiring us to defend or resolve such claims or establish reasonable reserves before making distributions to our stockholders;

- if a creditor or other third party seeks an injunction against the making of distributions to our stockholders on the basis that the amounts to be distributed are needed to provide for the satisfaction of our liabilities or other obligations to the extent not previously reserved for; and

- if the expenses we incur in the liquidation process, including expenses of personnel required and other operating expenses (including legal, accounting and other professional fees) necessary to dissolve and liquidate the Company, are more than we anticipate.

Due to these and other factors, the amount we initially distribute to our stockholders may be substantially less than the amount we currently estimate.

We cannot assure you of the exact amount or timing of any additional liquidating distributions to our stockholders under the Plan of Dissolution. Any such distributions may be substantially less than the estimates set forth in this Proxy Statement.

The dissolution process is subject to numerous uncertainties. There may be less capital remaining than initially anticipated for additional liquidating distributions to our stockholders following the initial liquidating distribution. The precise amount and timing of any additional liquidating distribution to our stockholders will depend on and could be delayed or diminished due to many factors, including, without limitation:

- whether a creditor or other third party seeks an injunction against the making of distributions to our stockholders on the basis that the amounts to be distributed are needed to provide for the satisfaction of our liabilities or other obligations to the extent not previously reserved for;

- whether existing suits or proceedings to which the Company or its subsidiary is party take longer to be resolved than we currently anticipate and the results of such proceedings;

- whether we become a party to lawsuits or other claims asserted by or against us, including any claims or litigation arising in connection with our decision to liquidate and dissolve;

- whether we are subject to future tax or other examinations or incur material tax or other liabilities, such as adjustments, penalties, interest and other amounts;

- whether we are unable to resolve claims with creditors or other third parties, or if such resolutions take longer than expected; or

- whether the expenses we incur in the liquidation process, including expenses of personnel required and other operating expenses (including legal, accounting and other professional fees), necessary to dissolve and liquidate the Company are more than we anticipate.

As is the case with the initial liquidating distribution, any additional liquidating distributions may be substantially less than the estimates set forth in this Proxy Statement. Since we will effect the Plan of Dissolution pursuant to Sections 280 and 281(a) of the DGCL, a period of time, likely more than nine months but potentially a significantly longer period, must elapse after the filing of the Certificate of Dissolution with the Delaware Secretary of State and commencement of the wind down process before we may make any liquidating distributions, if any, to allow for the notice and claims process. Such distributions may be made in more than one installment over an extended period of time.

In addition, under the DGCL, claims and demands may be asserted against us at any time following the effective date of the filing of the Certificate of Dissolution. The Board expects to set aside cash reserves of $3.5 million ($0.4559 per share of Preferred Stock

and $0.0052 per share of Common Stock, assuming the approval of the COD Amendment) and may set aside additional amounts as reserves to satisfy or make provision for claims against and obligations of the Company that may arise following the effective date of the filing of the Certificate of Dissolution. As a result of these factors, we may retain for distribution at a later date some or all of the estimated amounts that we expect to distribute to stockholders.

We could continue to incur claims and liabilities, and we will continue to incur expenses that will reduce the amount available for distribution.

Claims, liabilities and expenses from operations, such as operating costs, salaries, directors and officers insurance, payroll and local taxes, legal, accounting and consulting fees and miscellaneous office expenses, will continue to be incurred as we continue to windup. These expenses could be much higher than currently anticipated and will reduce the amount of assets available for ultimate distribution to stockholders.

Stockholders could be held liable to creditors, up to the amount actually distributed to such stockholder in dissolution.

We will continue to exist for at least three years after the Final Record Date, or for such longer period as the Delaware Court of Chancery shall direct, for the purpose of enabling us to continue to close our business, dispose of our property, resolve outstanding litigation, discharge our liabilities and distribute to our stockholders any remaining assets. Under applicable law, if the amount we reserve proves insufficient to satisfy all of our expenses and liabilities, each stockholder who receives a liquidating distribution could be held liable for payment to our creditors of such stockholder s pro rata share of amounts owed to creditors in excess of the reserves, up to the amount actually distributed to such stockholder in dissolution.

This means that a stockholder could be required to return all liquidating distributions made to such stockholder and receive nothing from us under the dissolution. Moreover, in the event a stockholder has paid taxes on amounts previously received, a repayment of all or a portion of such amount could result in a stockholder incurring a net tax cost if the stockholder s repayment of an amount previously distributed does not cause a commensurate reduction in taxes payable. There can be no guarantee that the reserves established by us will be adequate to cover all such expenses and liabilities.

If our stockholders do not approve the proposed dissolution of the Company, our resources will continue to diminish.

If our stockholders do not approve the proposed dissolution of the Company or if the dissolution is abandoned by our Board or otherwise not implemented, our Board will explore what, if any, strategic alternatives are available for the Company. Possible alternatives include, among other things, reconsidering proposals previously considered and rejected, seeking voluntary dissolution at a later time and with potentially diminished assets or seeking bankruptcy protection (should our net assets decline precipitously for some unforeseen reason). There can be no assurance that any of these alternatives would result in greater stockholder value than the proposed dissolution of the Company.

Moreover, any alternative we select may have unanticipated negative consequences, and we will face a number of risks, including:

- We continue to incur costs such as salaries, cash dividends, whether declared or accrued, directors and officers insurance, payroll and local taxes, legal, accounting and consulting fees and miscellaneous office expenses;

- If stockholders do not approve the proposed dissolution of the Company, there can be no assurance that the holders of our Common Stock, including one or more of the holders of 5% or more of our Common Stock, will not sell their shares and thereby potentially impair our ability to utilize our net operating loss carryforwards by causing an ownership change (as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the Code)); and

- We may continue to incur expenses associated with being a public reporting company, including ongoing SEC reporting obligations. These expenses would accelerate the depletion of our existing net assets.

Our Board of Directors may abandon, modify or delay implementation of the Plan of Dissolution even if approved by our stockholders.

Even if our stockholders approve the COD Amendment and the dissolution of the Company pursuant to the Plan of Dissolution, our Board of Directors has reserved the right, at its discretion, to the extent permitted by Delaware law, to abandon or delay implementation of the COD Amendment and the Plan of Dissolution (including determining not to file or to delay filing the Certificate of Amendment and Certificate of Dissolution) if such action is determined to be in our best interests and in the best interests of our stockholders, in order, for example, to permit us to pursue new business opportunities or strategic transactions that are subsequently presented to the Board. Any such decision to abandon or delay implementation of the COD Amendment and the Plan of Dissolution (including determining not to file or to delay filing the Certificate of Amendment and Certificate of Dissolution) may result in the Company incurring additional operating costs and liabilities, which could reduce the amount available for distribution to our stockholders.

Our Board of Directors also may modify or amend the Plan of Dissolution, notwithstanding stockholder approval of the Plan of Dissolution, if the Board of Directors determines that such action would be in the best interests of the Company and our stockholders. The Board of Directors will have authority under the Plan of Dissolution to make any such modification or amendment to the Plan of Dissolution without stockholder approval, but the Board of Directors may determine, in its sole discretion, to submit any modification or amendment to the stockholders for approval.

Further stockholder approval will not be required in connection with the implementation of the Plan of Dissolution, including for the sale or monetization of all or substantially all of our remaining assets as contemplated in the Plan of Dissolution.

The approval of the dissolution of the Company pursuant to the Plan of Dissolution by our stockholders also will authorize, without further stockholder action, our Board of Directors to take such actions as it deems necessary, appropriate or desirable, in its absolute discretion, to implement the Plan of Dissolution and the transactions contemplated thereby. Accordingly, after the filing of the Certificate of Dissolution with the Delaware Secretary of State, we may monetize, sell or otherwise dispose of our non-cash assets without further stockholder approval. As a result, our Board of Directors may authorize actions in implementing the Plan of Dissolution, including the terms and prices for the sale or other monetization of our remaining assets, with which our stockholders may not agree.

We intend to give advance notice of our dissolution as required by FINRA rules and to close our stock transfer books in connection with the dissolution of our Company, both of which would significantly and adversely affect transferability of interests in our Common Stock and Preferred Stock.

If our stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution, we will, as required by FINRA, give advance notice of our dissolution, which could eliminate or restrict the trading of our securities on the OTC Pink or other over-the-counter markets. We anticipate that we would submit such notice to FINRA at least 10 days before the Final Record Date or as soon thereafter as is reasonably practicable. However, we have limited control over the trading of our securities on the over-the-counter markets, and our securities could cease trading on the OTC Pink or other over-the-counter markets at any time.

We intend to close our stock transfer books and discontinue recording transfers of our Common Stock and Preferred Stock at the time we file the Certificate of Dissolution. Thereafter, record holders of shares of our Common Stock and Preferred Stock will not be able to assign or otherwise transfer their shares, except for assignments by will, intestate succession or operation of law. As described more fully under Proposal No. 2: Approval of the Dissolution Delisting and Lack of Market for Trading of the Common Stock and Preferred Stock and Interests in the Liquidating Trust or Trusts, persons who hold ownership interests in our shares in book-entry form through DTC and other persons with ownership interests

held in street name by a broker, bank or other nominee may be able to continue to make transfers of their ownership interests. Any such transfers could be made only if they do not necessitate a change in the record holder of shares of our Common Stock and Preferred Stock. In addition, following the anticipated delisting from the OTC Pink, these holders may have difficulty effecting any such transfers, since there can be no assurance that any trading market for such interests will develop or, if a market does develop, that it will afford significant liquidity.

We may apply for relief from certain reporting requirements under the Exchange Act, which may substantially reduce publicly-available information about the Company.

Our Common Stock and Preferred Stock are currently registered under Section 12(g) (in the case of the Common Stock) or Section 15(d) (in the case of the Common Stock and the Preferred Stock) of the Exchange Act, which requires that we, and our officers and directors with respect to Section 16 of the Exchange Act (in the case of our Section 12(g) registration), comply with

certain public reporting and proxy statement requirements thereunder. Compliance with these requirements is costly and time-consuming. We anticipate that, if our stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution, in order to curtail expenses, we will, after the effective date of the filing of the Certificate of Dissolution, seek to terminate our registrations under the Exchange Act. We may not, however, be eligible to do so. If we are not eligible to deregister, we may seek relief from the SEC from certain reporting requirements under the Exchange Act. However, the SEC may not grant any such relief, in which case we may be required to continue to bear the expense of complying with all applicable reporting requirements under the Exchange Act. The costs of compliance with such reporting requirements would reduce the amount which otherwise could be distributed to stockholders. Although we may elect to continue to provide information about us to the public or our investors after we cease to file reports under the Exchange Act (if we are successful in terminating our obligations thereunder), either on our website or by other means, there is no guaranty that we will do so or that we will continue to provide such information in the future.

If we decide to use a liquidating trust, interests of our stockholders in such a trust may not be transferable.

As discussed above, shares of our Common Stock and Preferred Stock held by record holders generally will not be transferable following dissolution. In addition, if we were to establish a liquidating trust, the interests of our stockholders in such liquidating trust may not be transferable, which could adversely affect our stockholders ability to realize the value of such interests. Even if transferable, the interests are not expected to be listed on a national securities exchange, and the extent of any trading market therein cannot be predicted. Moreover, the interests may not be accepted by commercial lenders as security for loans as readily as more conventional securities with established trading markets.

If we decide to use a liquidating trust, the distribution of non-transferable interests could result in tax liability.

As stockholders will be deemed to have received a liquidating distribution equal to their pro rata share of the value of the net assets distributed to an entity which is treated as a liquidating trust for tax purposes, the distribution of non-transferable interests would result in tax liability to the interest holders without their being readily able to realize the value of such interest to pay such taxes or otherwise.

Stockholders will lose the opportunity to capitalize on alternative transactions.

Once we dissolve, our stockholders will lose the opportunity to participate in opportunities that may have arisen if we were to continue to pursue a strategic transaction. It is possible that these opportunities could have proved to be more valuable than the liquidating distributions our stockholders would receive pursuant to the Plan of Dissolution. If an opportunity were to arise after the filing of the Certificate of Dissolution with the Delaware Secretary of State, but before the cessation of our corporate existence, our Board of Directors may, in its sole discretion, adopt a resolution recommending that the dissolution be revoked and directing that the question of the revocation of our dissolution be submitted to the stockholders for approval. There can be no assurance either that any such opportunity would arise after we are dissolved that would result in our Board of Directors making such a recommendation or that the stockholders would approve the revocation of our dissolution.

The members of our Board of Directors and our officers may have a potential conflict of interest in recommending approval of the Dissolution.

Because of the fees and compensation payable to members of our Board of Directors, as well as to our officers, an indemnification insurance policy purchased on behalf of our directors and officers and/or our continuing indemnification obligations to our directors, our directors and officers may be deemed to have a potential conflict of interest in recommending approval of the dissolution of the Company pursuant to the Plan of Dissolution. In addition, certain of our officers and directors may own shares of our Common Stock and Preferred Stock and may be entitled to receive liquidating distributions on a pro rata basis in respect of such shares in the dissolution of the Company when and if such liquidating distributions are made by the Company. Mr. McGovern, our Chairman of the Board, Chief Executive Officer and President, is also the Chairman and Chief Executive Officer of Sherwood, our largest holder of Preferred Stock. See Proposal No. 2: Approval of the Dissolution Interests of Directors and Executive Officers in Approval of the Dissolution.

Stockholders may not be able to recognize a loss for U.S. federal income tax purposes until they receive a final distribution from us.

As a result of our dissolution, for U.S. federal income tax purposes, our stockholders generally will recognize gain or loss equal to the difference between (1) the sum of the amount of cash and the fair market value (at the time of distribution) of property, if any, distributed to them, and (2) their tax basis for their shares of our Common Stock and/or Preferred Stock. Liquidating distributions pursuant to the Plan of Dissolution may occur at various times and in more than one tax year. Any loss generally will be recognized by a stockholder only when the stockholder receives our final liquidating distribution to stockholders, and then only if the aggregate value of all liquidating distributions with respect to a share is less than the stockholder s tax basis for that share.

Stockholders are urged to consult their own tax advisors as to the specific tax consequences to them of our dissolution pursuant to the Plan of Dissolution. See Proposal No. 2: Approval of the Dissolution Material United States Federal Income Tax Consequences of Our Dissolution.

The tax treatment of any liquidating distributions may vary from stockholder to stockholder, and the discussions in this Proxy Statement regarding such tax treatment are general in nature. You should consult your own tax advisor instead of relying on the discussions of tax treatment in this proxy for tax advice.

We have not requested a ruling from the IRS with respect to the anticipated tax consequences of the Plan of Dissolution, and we will not seek an opinion of counsel with respect to the anticipated tax consequences of any liquidating distributions. If any of the anticipated tax consequences described in this Proxy Statement prove to be incorrect, the result could be increased taxation at the corporate and/or stockholder level, thus reducing the benefit to our stockholders and us from the liquidation and distributions. Tax considerations applicable to particular stockholders may vary with and be contingent upon the stockholder s individual circumstances.

General

Our Board of Directors is presenting the dissolution of the Company pursuant to the Plan of Dissolution for approval by our stockholders at the Special Meeting. The dissolution of the Company, as well as the Plan of Dissolution, was approved by the Board of Directors, subject to stockholder approval, on October 16, 2015. A copy of the Plan of Dissolution is attached as Appendix B to this Proxy Statement. Material features of the Plan of Dissolution are summarized hereto. This summary of the Plan of Dissolution may not contain all the information that is important to you. **We encourage you to read the Plan of Dissolution in its entirety.**

Summary of the Plan of Dissolution and the Dissolution Process

Unless our Board abandons the Plan of Dissolution to pursue a superior alternative or for any other reason, if the stockholders approve the dissolution of the Company pursuant to the Plan of Dissolution, we will file a Certificate of Dissolution with the Delaware Secretary of State as promptly as practicable after the Special Meeting. The precise timing of the filing of the Certificate of Dissolution will be determined by our Board of Directors. From and after the effective date of such filing (which would not occur prior to the effective date of the COD Amendment), we would remain in existence as a non-operating company for at least three years for purposes of settling our affairs and closing our business, monetizing, disposing of and conveying our property, discharging our liabilities and distributing remaining assets to stockholders. After filing the Certificate of Dissolution with the Delaware Secretary of State, we anticipate undertaking the following activities:

- engaging in the notice and claims process provided by Section 280 of the DGCL;

- paying or making reasonable provision to pay all claims and obligations, including all contingent, conditional or unmatured contractual claims known to us;

- making such provision as will be reasonably likely to be sufficient to provide compensation for any claim against us which is the subject of a pending action, suit or proceeding to which we are a party;

- making such provision as we believe is reasonably likely to be sufficient to provide compensation for any claims that have not been made known to us or that have not arisen but that, based on facts known to us, are likely to arise or become known to us within five years (or a longer period not to exceed 10 years in the discretion of the Delaware Court of Chancery) after we file the Certificate of Dissolution;

- establishing reserves for future operating expenses, including those relating to and pursuing and/or defending against claims;

- making an initial liquidating distribution to our stockholders of record determined as of the Final Record Date;

- terminating any of our remaining commercial agreements, relationships or outstanding obligations;

- paying operating and liquidation expenses and satisfying any liabilities as they become due out of funds available in the reserves;

- attempting to realize recoveries, if any, on claims made against third parties for monetary damages;

- complying with SEC reporting requirements, as necessary;

- distributing pro rata to our stockholders, or transferring to one or more escrow accounts or one or more liquidating trustees for the benefit of our stockholders under a liquidating trust, the remaining assets of the Company after payment or provision for payment of claims against and obligations of the Company, in exchange for the complete cancellation of all of the capital stock of the Company; and

- completing tax filings.

Delaware law provides that, following the approval of the dissolution by our stockholders, the Board of Directors may take such actions as it deems necessary in furtherance of the dissolution of the Company and the winding-up of its operations and affairs.

As of September 30, 2015, we had approximately $18.6 million in cash. We currently estimate that the initial liquidating distribution to our stockholders will be approximately $11.8 million ($1.5368 per share of Preferred Stock and $0.0175 per share of Common Stock, assuming the approval of the COD Amendment). However, the Board intends to continue to monitor the Company s assets, liabilities and expenses and will not make a final decision regarding the amount of the initial liquidating distribution until after the filing of the Certificate of Dissolution with the Delaware Secretary of State. For more detail on the various factors that could affect the ultimate amount of the initial liquidating distribution, please see Risk Factors The amount we distribute to our stockholders in the initial liquidating distribution may be substantially less than the estimates set forth in this Proxy Statement. Subject to completion of the notice and claims process provided by Section 280 of the DGCL and any prior court approval required under Delaware law, we expect to make this initial liquidating distribution to our stockholders of record as soon as practicable after the effective date of the filing of the Certificate of Dissolution with the Delaware Secretary of State. Since we will effect the Plan of Dissolution pursuant to Sections 280 and 281(a) of the DGCL, a period of time, likely more than nine months but potentially a

significantly longer period, must elapse after the filing of the Certificate of Dissolution with the Delaware Secretary of State and commencement of the wind down process before we may make any liquidating distributions (including the initial liquidating distribution), if any, to allow for the notice and claims process.

The amount of this initial distribution reflects our current liquid assets offset in part by provisions, or reserves, for future operating costs and expenses associated with dissolution. In addition, Delaware law requires that, in connection with the winding-up of a corporation after dissolution, our Board of Directors make reasonable provision for known and potential claims and obligations of the Company, including claims subject to pending litigation and certain contingent and conditional contract claims, and maintain those reserves until resolution of such matters, and similar legal requirements apply to our subsidiary. The Board of Directors, in consultation with its legal counsel, has evaluated the liabilities, expenses, and known potential claims and obligations of the Company and its subsidiary, as well as other matters, in order to estimate the amount that will be reserved and has determined to establish initial cash reserves of $3.5 million for claims and contingencies ($0.4559 per share of Preferred Stock and $0.0052 per share of Common Stock, assuming the approval of the COD Amendment).

The Board of Directors currently believes that it will be able to make additional liquidating distributions only in the event that there are any remaining cash reserves. The Board of Directors acknowledges that it is possible the reserves required by applicable law may exceed the ultimate amounts the Company and its subsidiary will be required to pay creditors and other claimants, and that therefore there is a possibility that a portion of the reserves ultimately will be distributed to stockholders. The Board intends to evaluate the Company s reserves and available cash on a quarterly or, as appropriate, other periodic basis. Subject to any prior court

approval required under Delaware law, additional liquidating distributions, if any, will be made to the extent the required contingency reserves are released (assuming no new reserves are required to be established), which would likely span a multi-year period.

The amount distributed to stockholders, both initially and in total, may vary substantially from the amounts we currently estimate based on many factors, including the resolution of outstanding known claims and obligations of the Company, the incurrence of unexpected or greater-than-expected losses with respect to contingent liabilities, the assertion of claims that are currently unknown to us, the need to dissolve and windup our subsidiary, recoveries, if any, on claims made against third parties for monetary damages, and costs incurred to windup our business. Further, if additional amounts ultimately are determined to be necessary to satisfy or make provision for any of these obligations, stockholders may receive substantially less than the current estimates. Any liquidating distributions from us will be made to stockholders of record according to their holdings of Common Stock and Preferred Stock on the Company s stock ledger. The record holders and number of shares of Common Stock and Preferred Stock held by such holders as reflected on the Company s stock ledger will be the holders and number of shares, as of the Final Record Date, which we expect to be the date on which we close our stock transfer books, subject to any transfers subsequently reflected on our stock ledger by reason of assignments by will, intestate succession, or operation of law, or other transfers permitted under applicable law.

In addition to the satisfaction of liabilities, we have spent and anticipate continuing to spend cash for the foreseeable future for a number of items, including, but not limited to, the following:

- ongoing operating expenses, such as compensation, professional, legal, tax, consulting, accounting and lease expenses, including such expenses incurred in pursuing strategic alternatives;

- expenses incurred in connection with preparation for and (assuming stockholder approval) implementation of the dissolution, including the continuing analysis and estimation of potential liabilities required to determine appropriate reserves and the initial liquidating distribution;

- expenses incurred in connection with the September 30, 2015 cash dividend as well as potential future cash dividends, if declared; and

- expenses incurred in connection with extending our directors and officers insurance coverage.

We may, at any time, choose to implement the Plan of Dissolution through a liquidating trust, which, if adopted, would likely succeed to all of our assets, liabilities and obligations. Our Board of Directors may appoint one or more of its members, one or more of our officers, or a third party to act as trustee or trustees of such liquidating trust. If all of our assets are not distributed within three years after the date our dissolution, and a judicial extension of this deadline has not been sought or received, we may transfer our remaining assets to a liquidating trust at such time.

During the liquidation of our assets, we expect to pay our officers, directors, employees and agents compensation for services rendered in connection with the implementation of the Plan of Dissolution. See Interests of Directors and Executive Officers in Approval of the Plan of Dissolution.

Background of the Proposed Dissolution and the COD Amendment

GeoMet was incorporated under the laws of the state of Delaware on November 9, 2000. Historically, we were engaged in the exploration, development and production of CBM. All of our production was CBM, which is a dry natural gas containing no hydrocarbon liquids. We were originally founded as a consulting company to the coalbed methane industry in 1985 and were active as an operator, developer and producer of coalbed methane properties since 1993 until the Asset Sale. Our principal operations and producing properties were located in the Central Appalachian Basin in Virginia, West Virginia and the Cahaba Basin in Alabama.

As of September 30, 2015, we had three employees, two of which are paid, and, within the last year, we have eliminated all employee benefits, terminated our office lease with respect to our office located at 909 Fannin Street, Suite 1850, Houston, Texas, 77010 and moved to a smaller office space. In addition, following the Asset Sale our Board of Directors was reduced from five to

three directors with one of the three directors also being appointed as our President and Chief Executive Officer. Further, on August 9, 2015, our Board of Directors was reduced from three to two directors.

Before the consummation of the Asset Sale, we initiated activities and efforts to pursue various strategic alternatives by networking with investment bankers, bankers, lawyers and the oil and gas community in general. In addition, certain significant holders of the Preferred Stock and the Common Stock along with our Board members have been involved in networking with potential counterparties and strategic partners. Our efforts to successfully engage in an alternative financing or a strategic corporate transaction have been severely constrained and hampered by depressed natural gas prices and commodity prices in general, low future prices for dry gas, excessive supplies of dry gas, stock market volatility, our complex capital structure and, prior to the Asset Sale, our then highly leveraged structure. We entered into and consummated the Asset Sale because of the pending maturity of our credit facility and our inability to refinance with our current lender at the time or other lenders, and we were unable to find alternative debt or equity financing or a merger candidate or corporate transaction on terms that were in the best interest of the Company or our stockholders.

Due to our inability to locate any alternatives superior to the Asset Sale, we proceeded with the Asset Sale with the belief that it was in the best interests of our stockholders and that we potentially would be able to consummate a subsequent corporate transaction/merger that would further increase stockholder value, and that our position as a public shell company with cash reserves would attract companies seeking a public company platform and/or cash without the need for an initial public offering or other capital raising activities. Accordingly, subsequent to Asset Sale, completion of the related final purchase price adjustment and performance of the related transition services agreement, we focused our efforts towards (i) preserving cash by reducing overhead costs, (ii) maintaining compliance as a reporting company subject to the periodic and current reporting requirements of Section 13(a) of the Exchange Act, (iii) winding down operatorship obligations and all remaining residual liabilities and (iv) actively pursuing corporate transaction/merger opportunities. However, although we are still receptive to corporate transaction/merger opportunities that would increase stockholder value, we have been unable to consummate or enter into definitive agreements for any such opportunities following over 12 months of active pursuit of such opportunities.

Since April 2014, the Board met a number of times to discuss and review potential corporate transactions, and we have been involved in activities ranging from initial verbal discussions to the review of technical and financial data and other due diligence reviews with prospective candidates to most recently negotiation of definitive agreements with a potential merger counterparty. However, we believe that our efforts to successfully execute a corporate transaction have been severely hampered and constrained by, among other things, the uncertainty around depressed oil and gas commodity prices, the 12-month seasoning period required in a reverse merger for a public shell company to qualify for listing on a national stock exchange, certain provisions in our Amended and Restated Certificate of Incorporation (the Charter), and our complex capital structure.

Since April 2014, we have executed 17 non-disclosure agreements (NDAs) regarding potential corporate transactions involving the Company and have approached or been approached by approximately 20 strategic partners. While the level of interest from those persons signing NDAs has ranged from preliminary discussions, to preliminary discussions and the exchange of information and data, to preliminary discussions, exchanging information and data, and deploying resources such as petroleum engineering consultants and legal counsel to aide in our evaluation of these potential transactions, this interest has not yet resulted in a strategic alternative that the Board believes is superior to the Plan of Dissolution. Most recently, during the second quarter of 2015, we engaged in and devoted a substantial amount of resources to extensive discussions and related activities with a potential merger counterparty, including the execution of a non-binding letter of intent, mutual due diligence review, and drafting and negotiation of definitive agreements. However, we and the potential counterparty disengaged from negotiations towards the end of the second quarter of 2015 due to, among other reasons, inability to reach agreement on certain valuation matters and timing concerns. Of the 17 NDAs discussed above, only three resulted in more substantial discussions, negotiations and/or due diligence:

- On June 10, 2014, we entered into a letter of intent with a third party to consummate a reverse triangular merger. Following some preliminary discussions and due diligence review, the letter of intent terminated on August 5, 2014 due to the counterparty s concern that a December 2010 amendment to the Existing Certificate of Designations may not have been duly authorized by our stockholders, as well as concerns regarding the additional transaction costs necessary to consummate a transaction as a result of certain of our Charter provisions. To address this concern, on September 19, 2014, we held a special meeting of our stockholders at which our stockholders approved an amendment to the Charter to enhance our ability to pursue potential strategic transactions and ratified a prior amendment to the Existing Certificate of Designations.

- On August 21, 2014, we met with a counterparty to explore utilizing GeoMet as a drop down vehicle to form a general partner and master limited partnership. On October 7, 2014, the counterparty terminated discussions when it became aware of the 12-month seasoning period required for a public shell company to qualify for listing on a national stock exchange.

- On May 15, 2015, we entered into a letter of intent with a third party to consummate a reverse triangular merger. Although the letter of intent terminated in accordance with its terms 30 days thereafter, the parties continued to engage in negotiations, due diligence and document preparation. However, as discussed above, discussions were terminated in late June 2015 over, among other things, inability to reach agreement on valuation metrics and concerns over the counter-party s ability and desire to close the transaction as promptly as practicable without delays.

From January 1, 2015 until October 16, 2015, the Board met 15 times to discuss, among other things, our business plans, potential transactions and other opportunities and strategic alternatives, and other matters. In addition to having several informal discussions between and among the Board of Directors, management and legal counsel, the Board of Directors met on February 12, 2015 and March 11, 2015 to discuss the Company potentially obtaining pre-approval from our stockholders on proceeding with a dissolution of the Company assuming we were not able to consummate a superior transaction, as well as submitting for adoption by the stockholders certain amendments to our Existing Certificate of Designations that may make consummating a corporate transaction/merger more efficient from a stockholder approval standpoint. Ultimately, however, after discussing the advantages and disadvantages of seeking such approvals in advance, the directors fiduciary duties, the requisite stockholder vote and the rights of the Preferred Stock under various scenarios, the Board of Directors determined not to seek any such advance approvals at that time.

After having a number of informal discussions over the following weeks between and among members of the Board of Directors, management and legal counsel, the Board of Directors met on June 5, 2015 to discuss, among other things, the upcoming September 30, 2015 dividend payment on the Preferred Stock, if declared, and certain preliminary estimates of available cash between September 2015 and September 2018 (when the holders of Preferred Stock could cause the Company to redeem the outstanding shares of Preferred Stock) at current utilization rates. Management also reviewed with Board of Directors management s current estimate of the costs required to dissolve and liquidate the Company.

During our discussions with the last potential strategic partner, in June 2015 we approached representatives of the majority securityholder(s) of Sherwood, our largest holder of Preferred Stock, to discuss in greater detail the progress made by the Company to enhance stockholder value. See footnote 4 under the beneficial ownership table in Security Ownership of Certain Beneficial Owners and Management. On June 12, 2015, we executed an NDA with an affiliate of Sherwood and its majority securityholder(s). Shortly thereafter and following termination of our discussions with our last potential strategic partner, we began to explore with our Board of Directors, management and our legal advisors whether we could possibly obtain adequate support for one or more proposals that could, if approved, potentially result in holders of our Common Stock receiving some amounts in a dissolution of the Company.

The Board of Directors met on June 23, 2015, after several informal discussions between and among members of our the Board of Directors, management and legal counsel, to discuss, among other things, the dissolution process under Delaware law, the stockholder vote required to proceed with a dissolution, the directors fiduciary duties and the rights of the holders of Common Stock and the rights of the holders of the Preferred Stock in the event of a dissolution. The Board of Directors discussed its responsibilities under Delaware law and the Charter to the holders of the Common Stock and to the holders of the Preferred Stock in the context of the Company pursuing its strategic plan and potential strategic alternatives, and the Board of Directors also discussed its responsibilities under Delaware law and the Charter to the holders of the Common Stock and to the holders of the Preferred Stock in the context of a dissolution of the Company and the winding-up of its business.

At a meeting held on July 6, 2015, our Board of Directors met to consider the potential dissolution of the Company as well as to consider the other alternatives available to the Company. At this meeting, management updated the Board on the status of the strategic process. Representatives of Richards, Layton & Finger, P.A. and Akin Gump Strauss Hauer & Feld LLP again reviewed the fiduciary duties of our Board of Directors and described the terms of a proposed plan of dissolution. At the meeting, management presented its analysis of the alternatives available to the Company, and our Board of Directors once again reviewed the financial aspects of a liquidation analysis prepared by management reflecting estimates of the Company s assets and potential liabilities, including the estimated range of net assets available for distribution to stockholders pursuant to a plan of dissolution after the reserve

of amounts reasonably necessary to pay or provide for all known, unknown, and contingent claims and claims in pending litigation to which the Company is a party. Our Board of Directors, considering both risks and benefits, weighed liquidating the Company against the potential for an acquisition or other strategic transaction that would provide significant value to the Company s stockholders in excess of management s estimated liquidation value. The Board of Directors also held a general discussion regarding the Charter and the rights of the holders of Preferred Stock and the rights of the holders of Common Stock in a dissolution.

From June through August 2015, the Company s legal representatives had several discussions with Sherwood s legal representatives regarding the terms of the Preferred Stock and the terms of the investment agreement between the Company and Sherwood and the possibility of obtaining support for an amendment to the Existing Certificate of Designations that would provide the holders of Common Stock with some amounts in the event of a dissolution of the Company. During this time, the Company s legal representatives would periodically meet and seek input from members of our Board Directors or Company management, as appropriate, as well as to periodically update such persons regarding the status of these conversations.

On July 23, 2015, following these discussions, Sherwood s legal representative indicated there was support for an Existing Certificate of Designations amendment that would allocate up to 5% of the net proceeds in a liquidation to the holders of the Common Stock.

On July 30, 2015, the Board of Directors met to discuss potential responses to the initial 5% proposal (including negotiating strategy), the directors fiduciary duties and the dividend payable on the Preferred Stock on September 30, 2015, if declared. After further discussion whether to make a counter-offer and, if so, what an appropriate counter-offer would be, as well as negotiating strategy, the Board determined in light of the status of the Company and its prospects that the Company s legal representatives should respond with a request for support of an allocation of 15% of all distributable proceeds to the holders of Common Stock in a dissolution. The Board, however, noted that a smaller concession would be acceptable based on a review of the various parties relative positions and discussed in particular the difficulty in determining an appropriate percentage and the inability to quantitatively analyze the various legal, historical, business, strategic and other factors that would support any specific concession to allow the Company to proceed forward with a dissolution in the best interests of all of its stockholders.

On August 5, 2015, the Company s legal representatives, on behalf of the Board of Directors, requested support for an allocation of 15% of all distributable proceeds to the holders of Common Stock in a dissolution.

Effective August 9, 2015, James C. Crain resigned from the Board and from his position as the chairman of the Audit Committee of the Board. Mr. Crain advised the Company that his decision to resign as a director did not involve any disagreement with the Company relating to the Company s operations, policies or practices.

At a meeting on August 10, 2015, the Board of Directors met to discuss the reaction to the 15% proposal as well as the upcoming cash dividend of the Preferred Stock payable, if declared, on September 30, 2015. Later that day, the Board of Directors were informed that the 15% counter-proposal had been rejected, the 5% initial proposal had been rescinded and, in connection therewith, received a demand that the Board of Directors approve the dissolution of the Company no later than August 14, 2015 and declare and pay in cash the September 30, 2015 Preferred Stock dividend. Thereafter, members of the Board of Directors, management and legal counsel participated in a number of meetings to determine an appropriate response. Following these internal discussions and additional subsequent discussions between the Company and representatives of Sherwood s majority securityholder(s), the request that the Company immediately dissolve was withdrawn and the Company received an indication of conditional willingness to support an allocation of 6% of all distributable proceeds to the holders of the Common Stock in a dissolution, on the assumption that the Company would declare and pay all required dividends owed to the Preferred Stock in cash prior to the filing of a Certificate of Dissolution as long as the Company was in existence, including the September 30, 2015 dividend. After

further discussions among members of the Board of Directors, management and legal counsel, the Board determined that it would be unable to receive adequate support for a concession above the 6% proposal, and would be unable to obtain support for any concessions at all unless the Board declared and paid the September 30, 2015 dividend, and that 6% (together with the quarterly dividend payment) appeared to be an appropriate concession and in the best interest of all the stockholders, given the number of factors not given to quantitative analysis, which were considered again by the Board during this time period.

On August 13, 2015, our Board of Directors declared a quarterly cash dividend of approximately $1.7 million on the Preferred Stock, covering the period July 1, 2015 through September 30, 2015, which was paid on September 30, 2015.

On September 1, 2015, the Board of Directors met to consider whether to approve the dissolution of the Company and the terms of a plan of dissolution and an Existing Certificate of Designations amendment that would allocate 6% of all distributable proceeds to the holders of Common Stock in a dissolution. The Board of Directors, after considering a number of factors discussed below, and following a comprehensive review of the Company s recent history and prior discussions and analysis of the Board of Directors, management and legal counsel, and subject to an indication of their willingness to support and/or the approval of at least 50% of the then outstanding shares of Preferred Stock (as deemed appropriate by the Board of Directors), of (x) a plan of dissolution and (y) an Existing Certificate of Designations amendment allocating 6% of all distributable net proceeds in a dissolution to the holders of the Common Stock, in each case in a form approved by the Board of Directors, deemed it advisable and to be fair and in the best interests of the Company and its stockholders that the Company be dissolved.

On September 14, 2015, the Board of Directors discussed whether to request that Sherwood enter into a voting agreement to support the Plan of Dissolution and the COD Amendment and determined to request such an agreement from Sherwood. As a condition to its support of the Plan of Dissolution and the COD Amendment, the following concessions were requested: (1) the deletion of the provision in the Existing Certificate of Designations permitting up to $5.0 million in Common Stock purchases by the Company without the consent of the holders of Preferred Stock and (2) reimbursement of Sherwood s reasonable documented costs and expenses incurred in connection with these matters. The Board of Directors subsequently agreed to meet these conditions and the COD Amendment, as a result, reflects that no Common Stock purchases may be made without the consent of the holders of the Preferred Stock.

Based on these terms, Sherwood and the Company entered into the Voting Agreement on October 16, 2015.

At a meeting on October 16, 2015, the Board of Directors confirmed its determination that it is advisable and in the best interests of the Company and our stockholders for the Company to dissolve. The Board approved and declared advisable (1) the dissolution of the Company pursuant to the Plan of Dissolution and (2) the COD Amendment and recommended approval of the Plan of Dissolution and the COD Amendment to our stockholders. At this meeting, the Board of Directors also discussed that the dissolution of the Company pursuant to the Plan of Dissolution could be abandoned by our Board of Directors for any reason, including if a more attractive transaction became available to the Company, prior to the filing of the Certificate of Dissolution. The Board also discussed the fact that a public announcement of a proposed dissolution would not prevent, and might encourage, third parties to contact the Company regarding a strategic transaction. As a result of these considerations and other factors, our Board of Directors concluded that no strategic alternative that had been identified to date would yield any opportunities viewed by our Board as reasonably likely to provide greater realizable value, or a greater reduction in risk, to our stockholders than the complete dissolution of the Company and determined that it is advisable and in the best interests of the Company and our stockholders for the Company to initiate the process to dissolve, liquidate and distribute to stockholders our available assets.

Reasons for Dissolution and the COD Amendment

In arriving at its determination that dissolution and the COD Amendment are advisable and in our best interests and the best interests of our stockholders and that dissolution is the preferred strategic option for the Company, our Board of Directors considered the dissolution and winding-up process under Delaware law, as well as other available strategic alternatives. As part of our evaluation process, our Board of Directors considered the risks and timing of each alternative available to the Company, as well as management s financial projections, and consulted with management and our legal advisors. In approving the Plan of Dissolution, the liquidation it entails and the related COD Amendment, our Board of Directors considered the factors set out above as well as the following factors:

Business Factors

- The fact that the Company has no meaningful revenue-producing operations following the closing of the Asset Sale on May 12, 2014.

- The viability of the Company s previous business model and the significant costs that would be required to re-enter the Company s line of business or an alternative business following the Asset Sale.

- The volatile state of the economy and the global economic uncertainty as well as within the oil and natural gas industry, including the impact of such factors on the Company s business prospects.

- The material costs associated with maintaining the Company s ongoing operations, including accounting, legal and other expenses, which have already been reduced to the extent management believes reasonable.

- The expenses associated with being a small publicly-traded company, including in connection with required periodic, quarterly and annual filings with the SEC.

- The length of time that management estimates the Company could continue to operate the business at the Company s current annual cash expenditure rate.

- The net value which may be realizable by the Company from a sale of any of its remaining assets or in other strategic transactions.

- The historical performance of the Company s stock price relative to the stock of its competitors, prior to the Asset Sale, and also relative market indices.

Strategic Alternatives Factors

- The Company has conducted a comprehensive evaluation to identify available strategic alternatives involving the Company as a whole, including a merger, reverse merger, strategic partnership or other business combination transaction, as well as continuing as an ongoing business through the acquisition of oil & gas properties, and has identified no alternative transactions viewed by the Board as reasonably likely to provide a greater realizable value to stockholders than the Plan of Dissolution.

- As part of the strategic alternatives process, the Company has been unable to identify a strategic partner or acquirer despite its considerable efforts, which included discussions, at various levels, with approximately 20 parties.

- The Company s 2015 second quarter discussions with its last potential strategic partner regarding a potential acquisition of the Company were discontinued over valuation and timing issues despite months of discussions, due diligence and drafting and negotiation of definitive documents.

- The decreasing likelihood of consummating a potential acquisition of the Company in light of the various issues raised by the Company s last potential strategic partner and other potential counterparties arising from the Company s status as a shell company, among others, and the substantial costs and time necessary to complete the transaction.

- The uncertainty regarding whether the consideration received by the Company s stockholders in a transaction with a potential counter-party would exceed the amount the Company s stockholders would receive in the Plan of Dissolution.

- The time, costs and expenses, potential regulatory and legal challenges and uncertainty associated with a tender offer or other repurchase of Common Stock not in excess of the $5.0 million aggregate amount permitted under the Existing Certificate of Designations.

- Amounts receivable by, and the certainty of, the holders of Common Stock receiving amounts distributed under the Plan of Dissolution under the Amended and Restated Certificate of Designations as compared to amounts receivable by, and the certainty of, the holders of Common Stock receiving amounts received in connection with a tender offer or other repurchase of Common Stock.

Dissolution and COD Amendment Factors

- The Plan of Dissolution provides stockholders with an opportunity to monetize their investment in the Company and allows the Company to distribute cash to the stockholders.

- Sherwood agreed to enter into the Voting Agreement to support an amendment to the Charter that would provide holders of the Common Stock up to 6% of the Company s assets available for distribution to its stockholders in the Plan of Dissolution.

- The potential tax benefits of making distributions to the Company s stockholders pursuant to the Plan of Dissolution.

- The Board may abandon the Plan of Dissolution prior to the effective time of the Plan of Dissolution if the Board determines that, in light of new proposals presented or changes in circumstances, the Plan of Dissolution is no longer advisable and in the best interests of the Company and its stockholders.

- The Board may abandon the Amended and Restated Certificate of Designations prior to the effective time of the Certificate of Amendment setting forth the Amended and Restated Certificate of Designations if the Board determines that, in light of new proposals presented or changes in circumstances, the Amended and Restated Certificate of Designations is no longer advisable and in the best interests of the Company and its stockholders.

- Under Delaware corporate law, if the circumstances justifying the Plan of Dissolution change, the Certificate of Dissolution may be revoked after the effective time of the Plan of Dissolution if the Board adopts a resolution recommending revocation and if the stockholders originally entitled to vote on the Plan of Dissolution approve such revocation at a meeting of stockholders.

- Any claim against the Company which is the subject of a pending action, suit or proceeding to which the Company is a party will continue against the Company.

- The estimated costs associated with the Plan of Dissolution as compared to the costs of continuing to operate the Company s business.

- The costs of retaining the staff necessary to administer and manage the Company during the windup period and the timing and costs of planned staff departures, including the Company s executive officers, when and if the Board determines their employment is no longer necessary to the Plan of Dissolution process.

- The composition of the Board during the windup period.

- The uncertainty of the timing, nature and amount of any liquidation proceeds and distributions to stockholders, including the risk that there could be unanticipated delays in implementing the Plan of Dissolution, or that the need to resolve or otherwise address contingent liabilities and the potential emergence of additional liabilities or contingent obligations during the dissolution process, as well as increases in the related costs and expenses related to the settlement of such liabilities and obligations and winding-up of its business, could significantly delay, reduce or prevent any distributions to the Company s stockholders.

- Under Delaware law, the Company s stockholders are not entitled to appraisal rights for their shares of stock in connection with the Plan of Dissolution.

- The stockholders may be required to repay some or all of the amounts distributed to them by the Company

pursuant to the Plan of Dissolution if unknown or unanticipated claims arise against the Company during the windup period.

- The directors of the Company could potentially be held personally liable for the unpaid portion of any claims against the Company if they fail to comply with the statutory procedures for the Plan of Dissolution, including the payment of claims against the Company.

- Potential changes in applicable laws (including tax laws) and regulations.

- The Company may not receive relief from the Company s registration and reporting obligations under the Exchange Act and may continue to incur costs related to compliance with these requirements during the Plan of Dissolution.

- The duration of the Plan of Dissolution, which will be a minimum of three years following the date the Certificate of Dissolution is filed, but could potentially last much longer.

- If the Company s stockholders approve the Plan of Dissolution, the stockholders would not be permitted to transfer their shares of stock after the effective date of the Plan of Dissolution except by will, intestate succession or operation of law.

- Management s focus and resources will be diverted from other strategic options and from operational matters while workin