UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-32960

GeoMet, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0662382**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1221 McKinney Street, Suite 3840, Houston, Texas 77010	**77010**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code

(713) 659-3855

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common stock, par value $0.001 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

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

The aggregate market value of common stock, par value $0.001 per share, held by non-affiliates (based upon the closing sales price of $0.019 on the OTC Pink Market on June 30, 2014) on the last business day of registrant s most recently completed second fiscal quarter was approximately $0.5 million.

As of February 1, 2015, 40,513,373 shares of the registrant s common stock, par value $0.001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive proxy statement for its 2015 annual meeting of stockholders or an amendment to this Form 10 K, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2014, are incorporated by reference into Part III of this report for the year ended December 31, 2014.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

- general international and domestic economic conditions that may be less favorable than expected;
- changes in our business strategy;
- our financial position, including our cash flow and liquidity;
- our ability to consummate a corporate transaction/merger;
- volatility in the international and domestic capital and credit markets, including fluctuations in interest rates and availability of capital;
- our ability to retain key members of our senior management and key technical employees;
- the outcomes of legal proceedings in which we may become involved;
- the possibility that we may be subject to future regulatory or legislative actions (including changes to existing tax rules and regulations);

- the effects of government regulation and other legal requirements;

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

other factors which could affect the events discussed in our forward-looking statements are described under Item 1A. Risk Factors in this annual report. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this annual report. All forward-looking statements speak only as of the date of this annual report. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

All references in this annual report to the Company, GeoMet, we, us or our are to GeoMet, Inc. and our wholly owned subsidiaries. Unless otherwise noted, all information in this annual report relating to natural gas reserves and the estimated future net cash flows attributable to those reserves is based on estimates prepared by independent engineers and is net to our ownership interest.

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PART I

Items 1 and 2. *Business and Properties*

Overview

GeoMet, Inc. (the Company, GeoMet, we, us or our) (formerly GeoMet Resources, Inc.) was incorporated under the laws of the state of Delaware on November 9, 2000.

On May 12, 2014, we closed the sale of substantially all of our remaining assets as described in Recent Developments, Asset Sale. Prior to the completion of the sale of substantially all of our remaining assets on May 12, 2014, we were engaged in the exploration, development and production of natural gas from coal seams (coalbed methane or 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. Our principal operations and producing properties were located in the Central Appalachian Basin in Virginia and West Virginia.

From May 13, 2014 through August 15, 2014, we provided transition services to ARP Mountaineer Production, LLC, a Delaware limited liability company (the Buyer), purchaser of certain of our assets, while simultaneously working toward the completion of the final purchase price adjustment described in Note 4 to our audited consolidated financial statements. On August 15, 2014, we became a shell company as defined by Rule 12b-2 of the Exchange Act of 1934, as amended (the Exchange Act), because we no longer had operations and our assets consisted of cash and nominal other assets.

As of December 31, 2014, our primary asset as a public shell company is cash in the amount of $22.9 million. On a go forward basis, we believe we are incurring the minimum overhead expenses necessary to sustain a public registrant.

The natural gas industry is capital intensive. Natural gas markets traditionally have been highly volatile. We historically made substantial capital expenditures in the exploration, development and acquisition of natural gas reserves. Our capital expenditures had been financed primarily with internally generated cash flows from operations, bank borrowing and equity raises.

Business Plan

Subsequent to the sale of substantially all of our assets, 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. As of December 31, 2014, we have four employees, three of which are paid, and 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 located at 1221 McKinney Street, Suite 3840, Houston, Texas, 77010.

In our effort to pursue a corporate transaction/merger, we are seeking a business combination or merger that will ultimately result in increasing stockholder value in the future, and 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. We believe that our position as a public shell company with cash reserves provides an incentive to companies seeking a public company platform and/or cash reserves without being required to engage in an initial public offering or other capital raising activities. To reduce potential delays and uncertainties in consummating any such transaction and to provide greater flexibility and better position the Company to pursue such transactions and take advantage market conditions and other favorable opportunities, we are considering submitting to our stockholders for approval at the 2015 annual meeting of stockholders proposals to (1) increase our number of authorized common shares under our charter and (2) allow us to amend our charter, including any preferred stock certificate, without a vote of the common stockholders so long as the holders of the affected series of preferred stock are entitled to a vote and the amendment relates solely to the terms of such preferred stock. If approved, such proposals could reduce or eliminate the need for a vote of our stockholders (our common stockholders, in particular) and/or the holding of a meeting of our stockholders to approve a corporate transaction/merger. However, until such time as we are able to consummate such a corporate transaction/merger, claims, liabilities and expenses such as 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 pursue our business plan. These expenses could be material and much higher than currently anticipated and, in any event, will reduce the amount of assets available for ultimate distribution to our stockholders. As a result, if we do not enter into a corporate transaction/merger in the near future, we expect to proceed with a dissolution and distribution of our remaining assets in accordance with applicable law. Subject to receipt of the requisite approvals, we believe that we could begin to proceed with a dissolution of the Company as early as the third quarter of 2015, if we have not consummated or entered into a definitive agreement with respect to a corporate transaction/merger at or prior to such time, and, subject to receipt of the requisite approvals, we may begin such process earlier if we believe that we cannot enter into a corporate transaction/merger on terms acceptable to us, or at all, although there are no assurances that we will do so at any time. To facilitate this process, we are considering submitting to our stockholders for approval a proposal at our 2015 annual meeting of stockholders for the dissolution of the Company and a related plan of dissolution pursuant to which the Company will be dissolved if we cannot consummate a corporate transaction/merger.

Recent Developments

Delisting of Preferred Stock

On September 23, 2014, the Company received a notification letter from the Listing Qualifications Staff (the Staff) of The NASDAQ Stock Market LLC (NASDAQ) advising the Company that the Staff believed that the Company was a public shell and that the continued listing of the Company s Preferred Stock, par value $0.001 per share (Preferred Stock), was no longer warranted.

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The Staff believed that the Company no longer has an operating business and, as a result, purchasers of the Preferred Stock did not know definitely what the operating business of the Company would be in the future. Therefore, in accordance with Nasdaq Listing Rule 5101, the Staff applied more stringent criteria for the continued listing of the Preferred Stock. After consideration of various factors that it considered relevant and significant, the Company determined that it would not take any action to appeal the Staff s decision. Accordingly, the trading of the Preferred Stock was suspended at the opening of business on October 2, 2014 and the Preferred Stock was removed from listing and registration on NASDAQ. On October 27, 2014, NASDAQ notified the Securities and Exchange Commission (the SEC) of the delisting of the Preferred Stock on Form 25. The Preferred Stock is currently trading on the OTC Pink under the symbol GMETP.

Downgrade of Common Stock

On January 5, 2015, the Company received a notification from the OTC Markets advising the Company that its Common Stock, par value $0.001 per share (the Common Stock), was downgraded from OTCQB to the OTC Pink marketplace because its Common Stock did not have a closing bid price of $0.01 per share on at least one of the prior 30 consecutive calendar days. The Common Stock is currently trading on the OTC Pink under the symbol GMET.

Asset Sale

On May 12, 2014, we closed the sale of substantially all of our remaining assets which consisted of coalbed methane interests and other assets located in the Appalachian Basin in McDowell, Harrison, Wyoming, Raleigh, Barbour and Taylor Counties, West Virginia and Buchanan County, Virginia (the Asset Sale) to the Buyer, a wholly-owned subsidiary of Atlas Resource Partners, L.P., a Delaware limited partnership (Atlas). The purchase price of $107.0 million was adjusted downward $9.7 million to account for purchase price adjustments, resulting in net proceeds of $97.3 million.

Immediately following the closing of the Asset Sale, GeoMet, Bank of America, N.A., as administrative agent (the Administrative Agent), and the banks party thereto terminated the Fifth Amended and Restated Credit Agreement, dated as of October 14, 2011, by and among GeoMet, the Administrative Agent, the financial institutions party thereto as lenders and the other agents party thereto (as amended, restated, supplemented or otherwise modified from time to time, the Credit Agreement). Immediately prior to termination of the Credit Agreement, we repaid all amounts owed to the lenders party to the Credit Agreement, which amounts totaled approximately $69.1 million. As a result, we satisfied all of our obligations under the Credit Agreement. We were not required to pay a termination penalty or other fee in connection with the termination of the Credit Agreement.

Additionally, we settled all of our remaining outstanding natural gas hedge positions for approximately $3.1 million.

In connection with the Asset Sale, all of our employees who accepted employment with the Buyer following the consummation of the Asset Sale resigned their employment with us. Our board of directors adopted a plan of termination effective as of the closing of the Asset Sale, pursuant to which we terminated all employment agreements existing at that time, change of control agreements and plans, and employee benefits, including those provided under our long-term incentive plan, and, in exchange for releases, paid approximately $4 million to such employees.

On August 31, 2014, all remaining employees were terminated with the exception of one paid named executive officer and two other employees, each of who remain employed on an at-will basis.

Areas of Operation

Prior to the closing of the Asset Sale, our core areas of operations were in the Central Appalachian Basin of Virginia and West Virginia. We also previously had operations located in the Black Warrior and Cahaba Basins in Alabama. On June 14, 2013, the Company closed the sale of all of its CBM properties located in Alabama and, on May 12, 2014, closed the Asset Sale.

Pond Creek and Lasher Fields We were the operator of 298 producing vertical CBM wells in which we owned a 99.0% average working interest in the Pond Creek and Lasher fields located in southern West Virginia and southwestern Virginia. Net daily sales of gas averaged 15.2 MMcf per day for the period January 1, 2014 through May 12, 2014.

Pinnate Horizontal Wells We were the operator of 44 producing pinnate horizontal CBM wells in which we owned a 71.6% average working interest in central and northern West Virginia. We also had a 33.7% average working interest in 67 non-operated pinnate horizontal wells in central West Virginia. Net daily sales of gas averaged 5.8 MMcf per day for the period January 1, 2014 through May 12, 2014.

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Insurance

In accordance with industry practice, we maintain insurance against some, but not all, of the operating risks to which our business is exposed. Currently, we have general liability insurance coverage up to $2 million per occurrence. Our insurance policies contain maximum policy limits and in most cases, deductibles, generally less than $25,000 per occurrence. Our insurance policies are subject to certain customary exclusions and limitations. In addition, we maintain $10 million in excess liability coverage, which increases coverage limits if the general liability, auto or employers liability policy limit is reached. Our property and casualty lines of coverage expire annually in September.

We evaluate the need and availability of insurance, coverage limits and deductibles as circumstances warrant. Some forms of insurance may become unavailable in the future or unavailable on terms that are economically acceptable. No assurance can be given that we will be able to maintain insurance in the future at rates that we consider reasonable and we may elect to self-insure or maintain only catastrophic coverage for certain risks in the future.

Employees

As of December 31, 2014, we had a total of three employees, all of which were full-time. None of our employees are represented by a labor union or covered by any collective bargaining agreement. We believe that our relations with our employees are generally satisfactory.

Corporate Office

We lease our corporate headquarters which are located at 1221 McKinney Street, Suite 3840, Houston, Texas 77010.

Access to Company Reports

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents filed by us with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC s website at http://www.sec.gov.

We also make available on our website at http:// www.geometinc.com all of the documents that we file with the SEC, free of charge, as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

If any of the following risks develop into actual events, our business, financial condition, results of operations, cash flows, strategies and prospects could be materially adversely affected.

Our net operating loss carryforwards may be limited or they may expire before utilization.

As of December 31, 2014, we had United States federal tax net operating loss carryforwards (NOLs) of approximately $119.4 million, which expire at various dates from fiscal year 2022 through fiscal year 2033. These net operating loss carryforwards may be used to offset future taxable income and thereby reduce our United States federal income taxes otherwise payable. Section 382 of the Internal Revenue Code of 1986, as amended (the Code), imposes an annual limit on the ability of a corporation that undergoes an ownership change to use its net operating loss carry forwards to reduce its tax liability. If a corporation undergoes an ownership change and fails to continue its business enterprise during the two year period, beginning on the change date, the annual limitation is zero. An ownership change would occur if stockholders, deemed under Section 382 of the Code to own 5% or more of our capital stock by value, increase their collective ownership of the aggregate amount of our capital stock to more than 50 percentage points over a defined period of time. In the event of certain changes in our stockholder base, we may at some point in the future experience an ownership change as defined in Section 382 of the Code. Accordingly, our use of the NOLs and credit carryforwards may be limited at some point in the future by the annual limitations (including a limitation of zero) described in Sections 382 and 383 of the Code.

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We have no operations and minimal assets, which raises substantial doubt about our ability to return any additional value to our stockholders.

We no longer have operations and as a result of the Asset Sale, we have very limited assets. These factors raise substantial doubt about our ability to return any additional value to our stockholders. While we will continue to look for opportunities to exploit the expertise of our management staff as time and financial resources allow (primarily through a corporate transaction/merger opportunity), there is no guarantee that we will we be able to successful in our efforts. If we are not successful, our management and the board of directors may determine it to be in the best interest of the Company and its stockholders to dissolve the Company and terminate its existence. We believe that we could begin to proceed with a dissolution of the Company as early as the third quarter of 2015, if we have not consummated or entered into a definitive agreement with respect to a corporate transaction/merger at or prior to such time, and we may begin such process earlier if we believe that we cannot enter into a corporate transaction/merger on terms acceptable to us, or at all, although there are no assurances that we will do so at any time. To facilitate this process, we are considering submitting to our stockholders for approval a proposal at our 2015 annual meeting of stockholders for the dissolution of the Company and a related plan of dissolution pursuant to which the Company will be dissolved if we cannot consummate a corporate transaction/merger.

The terms of our outstanding Preferred Stock provide that the holders of the Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any of the consideration in a distribution of remaining assets in the event of dissolution. Currently, the liquidation preference to which the holders of our Preferred Stock are entitled totals approximately $68 million in the aggregate, which is more than the excess net proceeds received from the Asset Sale and our other assets. In addition, it would be unlikely that holders of the Preferred Stock would vote in favor of any corporate merger/transaction unless all or a significant portion of the value resulting from such a transaction (at least an amount equal to the Preferred Stock liquidation preference) is ascribed to the Preferred Stock. Therefore, absent a concession from the holders of our Preferred Stock, the holders of our Common Stock will not receive any consideration in a liquidation or dissolution or possibly in a corporate transaction/merger in lieu thereof (which may also result in substantial dilution of our existing stockholders).

The Asset Purchase Agreement and our prior CBM operations may expose us to contingent liabilities.

Although we sold substantially all of our assets, the purchasers of those assets, including the Buyer under the Asset Purchase Agreement, did not assume all of our pre-closing liabilities with respect to those assets or past operations as of December 31, 2014. Additionally, although general representations and related indemnifications had a 90 day term from the date of closing and therefore are non-surviving representations, fundamental representations under the Asset Purchase Agreement have a 1 year survival period from date of closing and therefore will expire in May 2015. As a result, we may be required to incur costs and expenses related to such assets or operations that were not otherwise assumed by the buyers of the assets or under our remaining indemnity obligations to the Buyer under the Asset Purchase Agreement.

We may be exposed to litigation from the holders of our Common Stock.

Because the holders of our Common Stock did not receive any consideration from the Asset Sale and may not receive any consideration in another subsequent transaction or as a result of our liquidation or dissolution (and/or be significantly diluted in a future transaction), it is possible that they may sue the Company or its board of directors.

We may be unable to retain our existing management team and/or key personnel and our failure to continue to retain qualified new personnel could adversely affect our business.

If we were to lose the benefit of the experience, efforts and abilities of any of the remaining members of our management team, our business could be adversely affected. We do not maintain key person life insurance on any of our personnel. Competition for these types of personnel is intense, and we may not be successful in retaining the required personnel.

Government laws, regulations and other legal requirements relating to protection of the environment, health and safety matters and others that governed our business before the Asset Sale could have a material adverse effect on us.

Before the Asset Sale, we were subject to laws, regulations and other legal requirements enacted or adopted by federal, state, local and foreign authorities, relating to protection of the environment and health and safety matters, including those legal requirements that govern discharges of substances into the air and water, the injection of material into subsurface formations, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, reclamation and restoration of mining or drilling properties after mining or drilling is completed, control of surface subsidence from underground mining, and work practices related to employee health and safety. Complying with these requirements, including the terms of our permits, had a significant effect on our respective costs of operations

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and competitive position. In addition, we could still potentially incur substantial costs, including clean-up costs, fines and civil or criminal sanctions, and third party damage claims for personal injury, property damage, wrongful death, or exposure to hazardous substances, as a result of violations of or liabilities under environmental and health and safety laws before the Asset Sale. Additionally, if we failed to comply with statutes and regulations prior to the Asset Sale, we still potentially may be subject to substantial penalties regarding various aspects of our prior gas drilling and production activities.

We do not insure against all potential risks. We may incur substantial losses and be subject to substantial liability claims as a result of our natural gas operations before the Asset Sale.

We maintained insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not have obtained insurance if we believed the cost of available insurance was excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may have become unavailable or available only for reduced amounts of coverage. Although we maintained insurance at levels we believe are appropriate and consistent with industry practice, we were not and are not fully insured against all risks, including drilling and completion risks before the Asset Sale that are generally not recoverable from third parties or insurance. In addition, pollution and environmental risks generally are not fully insurable. Losses and liabilities from uninsured and underinsured events before the Asset Sale and delay in the payment of insurance proceeds could have a material adverse effect on our financial condition and results of operations.

Risks Related to Our Capital Stock

Absent concessions from the holders of our Preferred Stock, the holders of our Common Stock will not receive any of cash in the event of liquidation.

Based on the advice of management regarding potential business opportunities available to the Company, or the lack thereof, or the advice of the Company s tax, accounting, legal or other experts, our board of directors may, at any time, determine it to be in the best interest of the Company and its stockholders to dissolve the Company and terminate its existence, which could occur as early as this year. In addition, while we continue to incur expenses, we do not currently generate any revenue nor do we expect to do so until such time as we can make an acquisition or exploit an opportunity that would allow us to generate revenue. There is no guarantee we will be able to do so. Similarly, there is no guarantee that if we were to identify an opportunity we would have sufficient funds then available to us to enable us to make an acquisition or exploit such an opportunity. Given our current situation, economic conditions could materially adversely affect our ability to obtain credit or access the capital markets to fund an acquisition or exploit a new business opportunity, which would make it very difficult to pursue a new opportunity, in which case we may dissolve and terminate our existence. Our remaining cash is approximately $23 million. Since the holders of our Preferred Stock are entitled to an approximately $68 million liquidation preference, absent a concession from the holders of our Preferred Stock, no cash will be received by the holders of our Common Stock in a liquidation.

There is no guarantee that the holders of our Preferred Stock will receive any cash in the form of dividends, and we could spend or invest our cash and other assets in ways in which our stockholders may not agree.

The terms of our outstanding Preferred Stock provide that the holders of the Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any of the consideration in a distribution of remaining assets in the event of dissolution. Currently, the liquidation preference to which the holders of our Preferred Stock are entitled totals approximately $68 million in the aggregate, which is more than the excess net proceeds received from the Asset Sale and our other assets. Therefore, in a liquidation or dissolution or in a corporate transaction/merger in lieu thereof (which may also result in substantial dilution of our existing stockholders) holders of our Preferred Stock may only receive (or be valued at or receive consideration equivalent to) a portion of the liquidation preference to which they are entitled. Further, there is no guaranty that the Company will dissolve or the amount of assets available for distribution. Accordingly, there is no guarantee that the holders of our Preferred Stock will receive any cash in the form of dividends or otherwise, and we could spend or invest our cash or other assets in ways which our stockholders may not agree.

If the existence of the Company is terminated, our Common Stock and Preferred Stock will cease to exist or trade on any market.

With the completion of the Asset Sale, management and the board of directors may at any time cease pursuing other opportunities (primarily through a corporate transaction/merger opportunity) and determine that it is in the best interest of the Company and its stockholders to dissolve the Company and terminate its existence. In the event the Company s existence is terminated, our Common Stock and Preferred Stock will cease to exist and there will be no market for our Common Stock or Preferred Stock. Since the holders of our Preferred Stock are entitled to an approximately $68 million liquidation preference, absent a concession from the holders of our Preferred Stock such action would result in a complete loss in the value of the Common Stock.

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On an as-converted basis, our Preferred Stock currently represents approximately 56% of the outstanding shares and therefore would have the ability to control any vote requiring the approval of our stockholders, voting together as a single class, and may take actions that conflict with the interests of the other stockholders.

The interests of the holders of Preferred Stock could conflict with your interests as a holder of Common Stock. For example, the holders of Preferred Stock may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you, as minority holders of the Company, including a vote to approve a dissolution of the Company.

The terms of our Preferred Stock prohibit us from issuing Common Stock at a price of less than the conversion price at the time of issuance without approval of a at least 50% of the holders of the Preferred Stock, which has and may continue to limit our ability to access the capital markets. We have granted certain rights to a holder of our Preferred Stock which has and may continue to limit certain of the transactions we may enter into.

The terms of our Preferred Stock provide that we may not issue any additional shares of Common Stock (or securities convertible into Common Stock) for consideration per share (with regard to securities convertible into Common Stock, on an as-converted basis) less than the then-current conversion price of the Preferred Stock without the prior vote or consent of holders of a at least 50% of the outstanding shares of Preferred Stock, for so long as at least 750,000 shares of Preferred Stock remain outstanding. The current price of our Common Stock is significantly lower than the conversion price of our Preferred Stock. This provision has and will continue to prevent us from issuing Common Stock or securities convertible into our Common Stock for the foreseeable future, without the consent of the holders of our Preferred Stock, which has and may continue to adversely affect our liquidity and results of operations.

In 2010, we entered into an agreement with Sherwood Energy LLC (Sherwood) in connection with a rights offering of Preferred Stock to our stockholders in which Sherwood agreed to acquire any shares of Preferred Stock not acquired by our stockholders pursuant to the rights offering. Pursuant to this agreement, Sherwood is entitled to appoint up to two persons to our board of directors. In addition, without the consent of the Sherwood directors, we are prohibited from entering into certain corporate transactions. We also granted Sherwood the right to acquire additional securities that we may issue in the future, subject to the terms of the agreement. In addition, if we default under this agreement, Sherwood will have the right to appoint a majority of our directors, until the default is waived. If the default is not cured or waived within a year, Sherwood will have the right to require us to redeem the Preferred Stock it owns. See Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities Preferred Stock.

The terms of our Preferred Stock has and may continue to prohibit us from obtaining long term financing or additional equity.

The terms of our Preferred Stock currently provide that we pay in-kind (PIK) dividends at 12.5% or in cash at a rate of 8% until September 14, 2015, at which time the cash dividend rate will increase to 9.6%. At such date, we will no longer have the option to pay these dividends in-kind. The Company does not anticipate paying any cash dividends during the period it has the option to pay PIK dividends. The Preferred Stock is redeemable at the election of the preferred holders beginning eight years after the effective date of the Preferred Stock issuance. The cumulative impact of paying PIK dividends negatively impacts our ability to obtain equity because of the significant dilutive effects on our Common Stock. In addition, the 9.6% cash dividend may impede our ability to raise debt financing.

Our Common Stock and Preferred Stock has experienced, and may continue to experience, price volatility and a low trading volume.

The trading price of our Common Stock and Preferred Stock has been and may continue to be subject to large fluctuations, which may result in losses to investors. Our stock price may increase or decrease in response to a number of events and factors, including:

- global economic conditions;
- changes in financial estimates and recommendations by securities analysts;
- acquisitions and financings;
- operating and stock price performance of other companies that investors may deem comparable to us; and

- issuances, purchases or sales of blocks of our Common Stock and Preferred Stock.

This volatility may adversely affect the price of our Common Stock and Preferred Stock regardless of our performance.

An existing stockholder beneficially owns a significant percentage of our Common Stock, which has and may continue to limit your ability to influence the outcome of stockholder votes.

Sherwood beneficially owns approximately 33% of our Common Stock outstanding as of December 31, 2014 (after giving effect to the conversion of the Preferred Stock held by Sherwood). Additional shares of our Preferred Stock may be issued to Sherwood and our other holders of our Preferred Stock as PIK dividends. In addition, one of the current members of our board of directors is appointed by Sherwood, and our current Chief Executive Officer is also the Chairman and Chief Executive Officer of Sherwood. As a result, Sherwood has, and can be expected to have, a significant voice in our affairs, in the outcome of stockholder voting concerning the election of directors, the adoption or amendment of provisions in our charter and bylaws, the approval of mergers and other significant corporate transactions.

You may experience dilution of your ownership interests due to the future issuance of additional equity securities.

We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our present stockholders. We are currently authorized to issue 125,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock with such designations, preferences and rights as determined by our board of directors. As of December 31, 2014, 40,513,373 shares of Common Stock were outstanding, and 52,202,569 shares of Common Stock are issuable upon conversion of outstanding Preferred Stock. An additional 615,498 shares of our Preferred Stock, convertible into 4,734,600 shares of Common Stock, are reserved for issuance and some or all of that amount may be issued to our holders of our Preferred Stock as PIK dividends. The potential issuance of such additional securities may create downward pressure on the trading price of our Common Stock and Preferred Stock. We may also issue additional shares of our Common Stock or other securities that are convertible into or exercisable for Common Stock, in connection with the hiring of personnel, future acquisitions, future private placements of our securities for capital raising purposes, or for other business purposes. Any such issuance would further dilute the interests of our existing stockholders.

Future sales of our Common Stock by our existing stockholders may continue to depress our stock price.

As of December 31, 2014, 40,513,373 shares of our Common Stock were outstanding. As of December 31, 2014, our outstanding Preferred Stock is convertible into an aggregate of 52,202,569 shares of our Common Stock, which represents approximately 56% of our issued and outstanding Common Stock as of December 31, 2014, as converted. Sales of a substantial number of shares of our Common Stock or Preferred Stock in the public market, or the perception that these sales may occur, could cause the market price of our Common Stock or Preferred Stock to continue to decline.

We have not previously paid dividends on our Common Stock and we do not anticipate doing so in the foreseeable future.

We have not in the recent past paid, and do not anticipate paying in the foreseeable future, cash dividends on our Common Stock. Additionally, any future decision to pay a dividend and the amount of any dividend paid, if permitted, will be made at the discretion of our board of directors.

Stockholders Who Hold Unregistered Shares of Our Common Stock Are Subject to Resale Restrictions Pursuant To Rule 144, Due To Our Status As A Shell Company.

Pursuant to Rule 144 of the Securities Act of 1933, as amended (Rule 144), a shell company is defined as a company that has no or nominal operations; and, either no or nominal assets; assets consisting solely of cash and cash equivalents; or assets consisting of any amount of cash and cash equivalents and nominal other assets. As such, we are a shell company pursuant to Rule 144, and as such, sales of our securities issued at any time after we became a shell company pursuant to Rule 144 are not able to be made until: (1) we have ceased to be a shell company; (2) we have filed all of our required periodic reports for at least the previous one year period prior to any sale pursuant to Rule 144; and (3) a period of at least twelve months has elapsed from the date Form 10 information (i.e., information similar to that which would be found in a Form 10 Registration Statement filing with the SEC) has been filed with the SEC reflecting the Company s status as a non-shell company. Because none of such non-registered securities can be sold pursuant to Rule 144, until at least a year after we cease to be a shell company, any non-registered securities we sell in the future or issue to management or service providers in consideration for services rendered or for any other purpose will have no liquidity until and unless such securities are registered with the SEC and/or until a year after we cease to be a shell company and have complied with the other requirements of Rule 144, as described above. As a result, it may be harder for us to pay management or other service providers with our securities instead of cash. Furthermore, it will be harder for us to raise funding through the sale of

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debt or equity securities unless we agree to register such securities with the SEC, which could cause us to expend additional resources in the future. Our status as a shell company could prevent us from raising additional funds, engaging service providers, and using our securities to pay for any acquisitions (although none are currently planned), which could cause the value of our securities, if any, to decline in value or become worthless.

Item 1B. ***Unresolved Staff Comments***

None.

Item 3. ***Legal Proceedings***

From time to time we are a party to litigation in the normal course of business. While the outcome of lawsuits or other proceedings against us are not possible to reasonably predict, management does not believe that the adverse effect on our financial condition, results of operations or cash flows, if any, will be material.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. *Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Common Stock

On January 5, 2015, the Company received a notification from the OTC Markets advising the Company that its Common Stock was downgraded from OTCQB to the OTC Pink marketplace because its Common Stock did not have a closing bid price of $0.01 per share on at least one of the prior 30 consecutive calendar days. The Common Stock is currently trading on the OTC Pink under the symbol GMET. The table below shows the high and low closing prices of our Common Stock for the periods indicated.

	High		Low	
Fiscal Year 2013:				
Quarter ended March 31, 2013	$	0.18	$	0.14
Quarter ended June 30, 2013	$	0.24	$	0.13
Quarter ended September 30, 2013	$	0.17	$	0.12
Quarter ended December 31, 2013	$	0.14	$	0.05
Fiscal Year 2014:				
Quarter ended March 31, 2014	$	0.14	$	0.01
Quarter ended June 30, 2014	$	0.06	$	0.01
Quarter ended September 30, 2014	$	0.02	$	0.01
Quarter ended December 31, 2014	$	0.03	$	0.01

Approximately 2,500 stockholders of record as of February 1, 2015 held our Common Stock. In many instances, a registered stockholder is a broker or other entity holding shares in street name for one or more customers who beneficially own the shares. Holders of our Common Stock are entitled to receive dividends if, as and when such dividends are declared by our board of directors out of assets legally available therefore after payment of dividends required to be paid on shares of Preferred Stock, if any. We have not declared or paid any dividends on our shares of Common Stock and do not currently anticipate paying any dividends on our shares of Common Stock in the future. Currently our plan is to retain any future earnings.

Preferred Stock

On September 14, 2010, we issued and sold 4,000,000 shares of our Preferred Stock at a price of $10.00 per share, pursuant to a rights offering. The Preferred Stock is our most senior equity security. The Preferred Stock ranks senior to our Common Stock and junior to all of our existing indebtedness.

On September 23, 2014, the Company received a notification letter from the Staff of NASDAQ advising the Company that the Staff believed that the Company was a public shell and that the continued listing of the Preferred Stock was no longer warranted. The Staff believed that the

Company no longer has an operating business and, as a result, purchasers of the Preferred Stock did not know definitely what the operating business of the Company would be in the future. Therefore, in accordance with Nasdaq Listing Rule 5101, the Staff applied more stringent criteria for the continued listing of the Preferred Stock. After consideration of various factors that it considered relevant and significant, the Company determined that it would not take any action to appeal the Staff s decision. Accordingly, the trading of the Preferred Stock was suspended at the opening of business on October 2, 2014 and the Preferred Stock was removed from listing and registration on NASDAQ. On October 27, 2014, NASDAQ notified the SEC of the delisting of the Preferred Stock on Form 25. The Preferred Stock is currently trading on the OTC Pink under the symbol GMETP.

		High		Low
Fiscal Year 2013:				
Quarter ended March 31, 2013	$	7.75	$	6.00
Quarter ended June 30, 2013	$	8.10	$	5.90
Quarter ended September 30, 2013	$	8.00	$	6.40
Quarter ended December 31, 2013	$	8.75	$	6.69
Fiscal Year 2014:				
Quarter ended March 31, 2014	$	9.20	$	2.91
Quarter ended June 30, 2014	$	3.15	$	2.67
Quarter ended September 30, 2014	$	3.39	$	2.54
Quarter ended December 31, 2014	$	3.03	$	2.17

Approximately 300 stockholders of record as of February 1, 2015 held our Preferred Stock. In many instances, a registered stockholder is a broker or other entity holding shares in street name for one or more customers who beneficially own the shares. The

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applicable annual rate for dividends paid in cash is 8.0% for the first three years and 9.6% thereafter. We have not paid any dividends in cash through December 31, 2014, except for those cash dividends paid for partial shares of PIK dividends. The applicable annual rate for PIK dividends, which can be paid until the fifth anniversary of the closing of the Preferred Stock offering, is 12.5%. All dividends are cumulative and all unpaid dividends compound on a quarterly basis at a 12.5% annual rate.

The terms of our outstanding Preferred Stock provide that in the event of a liquidation or dissolution of the Company, the holders of our Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any distributions from the Company. The liquidation preference is equal to the original investment amount of the Preferred Stock ($40 million) plus PIK shares plus accrued and unpaid dividends, and currently totals approximately $68 million. Therefore, if the Company is dissolved, the estimated remaining net proceeds (approximately $23 million) would be less than the liquidation preference to which the holders of our Preferred Stock are currently entitled ($68 million). Absent a concession from the holders of our Preferred Stock, the holders of our Common Stock would not receive any distributions as a result of the Asset Sale or subsequent dissolution of the Company.

It is not clear that the terms of our outstanding Preferred Stock would entitle the holders of our Preferred Stock to a liquidation preference in the event the Company was to engage in a corporate transaction/merger. If our outstanding Preferred Stock is not entitled to a liquidation preference in the event of a merger, then the holders of the Preferred Stock might instead exercise their rights to convert into Common Stock, and then participate with the Common Stock in the proceeds of such transaction on an as-converted basis. Assuming liquidation with the cash balance of approximately $23 million as of December 31, 2014, conversion would mean that the holders of our Preferred Stock could receive less in a corporate transaction/merger than the holders of our Preferred Stock would receive in dissolution as a result of their liquidation preference. In order for the Company to engage in a corporate transaction/merger, the Company would have to receive the approval of the holders of at least 50% of the outstanding shares of Preferred Stock voting separately as a class, in addition to depending on the type of transaction the approval of a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class. The Company has been advised by the holders of more than 50% of our Preferred Stock that they will not vote in favor of a merger or similar business combination unless the terms of the transaction provide that the holders of our Preferred Stock will be valued at or be entitled to receive at least the Preferred Stock liquidation preference. As a result, absent a concession from the holders of our Preferred Stock, it is likely that the holders of our Common Stock would not receive any distributions or other consideration in a corporate transaction/merger (and/or would be significantly diluted).

In 2010, we entered into an agreement with Sherwood in connection with a rights offering of Preferred Stock made to our stockholders, pursuant to which Sherwood agreed to acquire any shares of Preferred Stock not acquired by our stockholders pursuant to the rights offering. Sherwood currently owns 58.6% of our Preferred Stock and owns 33% of our Common Stock on an as-converted basis. Sherwood is entitled to appoint two members to our board of directors so long as it beneficially owns more than 40% of our Preferred Stock, or beneficially owns 20% or more of our Common Stock, on an as-converted basis. Sherwood may appoint one member to our board of directors so long as it beneficially owns 40% of the Preferred Stock it acquired, or beneficially owns 10% or more of our Common Stock, on an as-converted basis. Sherwood is entitled to appoint one of its designated directors to our Audit and Compensation Committees, provided that the director meets applicable independence requirements.

In addition, such agreement provides that, for so long as Sherwood beneficially owns more than 40% of our Preferred Stock, or beneficially owns 10% or more of our Common Stock, on an as-converted basis, we may not incur additional material debt, issue additional equity securities senior to or pari passu with the Preferred Stock, engage in any material acquisitions or other significant corporate transactions, or engage in certain other activities without the consent of the director(s) designated by Sherwood.

If we default under such agreement, Sherwood has the right to appoint a majority of the members of our board of directors until such default is cured or waived by Sherwood. If the default continues for more than 12 months (absent a cure or waiver), Sherwood has the right to require us to redeem its shares of Preferred Stock at the redemption price.

Such agreement also grants Sherwood a participation right to purchase its pro rata share, up to $30,000,000, of authorized but unissued debt securities and Preferred Stock, and all rights, options or warrants to purchase shares and securities of any type convertible into or exchangeable for debt securities or Preferred Stock.

Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

We did not purchase any of our equity securities during the fourth quarter of 2014.

Equity Compensation Plan Information

There are no shares of our Common Stock that are available for issuance under all of our existing equity compensation plans as of December 31, 2014.

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Item 6. ***Selected Financial Data***

Not applicable.

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the related notes and other information included elsewhere in this report.

Overview

GeoMet was incorporated under the laws of the state of Delaware on November 9, 2000.

On May 12, 2014, we closed the sale of substantially all of our remaining assets as described in Recent Developments, Asset Sale. Prior to the completion of the sale of substantially all of our remaining assets on May 12, 2014, we were engaged in the exploration, development and production of natural gas from 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. Our principal operations and producing properties were located in the Central Appalachian Basin in Virginia and West Virginia.

From May 13, 2014 through August 15, 2014, we provided transition services to the Buyer, while simultaneously working toward the completion of the final purchase price adjustment described in Note 4 Sale of our Central Appalachian Assets and Termination of Credit Agreement. On August 15, 2014, we became a shell company as defined by Exchange Act because we no longer had operations and our assets consisted of cash and nominal other assets.

As of December 31, 2014, our primary asset as a public shell company is cash in the amount of $22.9 million. On a go forward basis, we believe we are incurring the minimum overhead expenses necessary to sustain a public registrant.

The natural gas industry is capital intensive. Natural gas markets traditionally have been highly volatile. We historically made substantial capital expenditures in the exploration, development and acquisition of natural gas reserves. Our capital expenditures had been financed primarily with internally generated cash flows from operations, bank borrowing and equity raises.

Business Plan

Subsequent to the sale of substantially all of our assets, 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. As of December 31, 2014, we have four employees, three of which are paid, and 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 located at 1221 McKinney Street, Suite 3840, Houston, Texas, 77010.

In our effort to pursue a corporate transaction/merger, we are seeking a business combination or merger that will ultimately result in increasing stockholder value in the future, and 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. We believe that our position as a public shell company with cash reserves provides an incentive to companies seeking a public company platform and/or cash reserves without being required to engage in an initial public offering or other capital raising activities. To reduce potential delays and uncertainties in consummating any such transaction and to provide greater flexibility and better position the Company to pursue such transactions and take advantage market conditions and other favorable opportunities, we are considering submitting to our stockholders for approval at the 2015 annual meeting of stockholders proposals to (1) increase our number of authorized common shares under our charter and (2) allow us to amend our charter, including any preferred stock certificate, without a vote of the common stockholders so long as the holders of the affected series of preferred stock are entitled to a vote and the amendment relates solely to the terms of such preferred stock. If approved, such proposals could reduce or eliminate the need for a vote of our stockholders (our common stockholders, in particular) and/or the holding of a meeting of our stockholders to approve a corporate transaction/merger. However, until such time as we are able to consummate such a corporate transaction/merger, claims, liabilities and expenses such as 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 pursue our business plan. These expenses could be material and much higher than currently anticipated and, in any event, will reduce the amount of assets available for ultimate distribution to our stockholders. As a result, if we do not enter into a corporate transaction/merger in the near future, we expect to proceed with a dissolution and distribution of our remaining assets in accordance with applicable law. Subject to receipt of the requisite approvals, we believe that we could begin to proceed with a dissolution of the Company as early as the third quarter of 2015, if we have not consummated or entered into a definitive agreement with respect to a corporate transaction/merger at or prior to such time, and, subject to receipt of the requisite approvals, we may begin such process earlier if we believe that we cannot enter into a corporate transaction/merger on terms acceptable to us, or at all, although there are no assurances that we will do so at any time. To facilitate this process, we are considering submitting to our stockholders for approval a proposal at our 2015 annual meeting of stockholders for the dissolution of the Company and a related plan of dissolution pursuant to which the Company will be dissolved if we cannot consummate a corporate transaction/merger.

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Recent Developments

Delisting of Preferred Stock

On September 23, 2014, the Company received a notification letter from the Staff at NASDAQ advising the Company that the Staff believes that the Company is a public shell and that the continued listing of the Preferred Stock is no longer warranted. The Staff believes that the Company no longer has an operating business and, as a result, purchasers of the Preferred Stock do not know definitely what the operating business of the Company will be in the future. Therefore, in accordance with Nasdaq Listing Rule 5101, the Staff applied more stringent criteria for the continued listing of the Preferred Stock. After consideration of various factors that it considered relevant and significant, the Company determined that it would not take any action to appeal the Staff s decision. Accordingly, the trading of the Preferred Stock was suspended at the opening of business on October 2, 2014 and the Preferred Stock was removed from listing and registration on NASDAQ. On October 27, 2014, NASDAQ notified the SEC of the delisting of the Preferred Stock on Form 25. The Preferred Stock is currently trading on the OTC Pink under the symbol GMETP. .

Downgrade of Common Stock

On January 5, 2015, the Company received a notification from the OTC Markets advising the Company that its Common Stock was downgraded from OTCQB to the OTC Pink marketplace because its Common Stock did not have a closing bid price of $0.01 per share on at least one of the prior 30 consecutive calendar days. The Common Stock is currently trading on the OTC Pink under the symbol GMET.

Asset Sale

On May 12, 2014, we closed the Asset Sale to the Buyer, a wholly-owned subsidiary of Atlas. The purchase price of $107.0 million was adjusted downward $9.7 million to account for purchase price adjustments, resulting in net proceeds of $97.3 million.

Immediately following the closing of the Asset Sale, GeoMet, the Administrative Agent and the banks party thereto terminated the Credit Agreement. Immediately prior to termination of the Credit Agreement, we repaid all amounts owed to the lenders party to the Credit Agreement, which amounts totaled approximately $69.1 million. As a result, we satisfied all of our obligations under the Credit Agreement. We were not required to pay a termination penalty or other fee in connection with the termination of the Credit Agreement.

Additionally, we settled all of our remaining outstanding natural gas hedge positions for approximately $3.1 million.

In connection with the Asset Sale, all of our employees who accepted employment with the Buyer following the consummation of the Asset Sale resigned their employment with us. Our board of directors adopted a plan of termination effective as of the closing of the Asset Sale, pursuant to which we terminated all employment agreements existing at that time, change of control agreements and plans, and employee benefits, including those provided under our long-term incentive plan, and, in exchange for releases, paid approximately $4 million to such employees.

On August 31, 2014, all remaining employees were terminated with the exception of one paid named executive officers and two other employees, each of who remain employed on an at-will basis.

Areas of Operation

Prior to the closing of the Asset Sale, our core areas of operations were in the Central Appalachian Basin of Virginia and West Virginia. We also previously had operations located in the Black Warrior and Cahaba Basins in Alabama. On June 14, 2013, the Company closed the sale of all of its CBM properties located in Alabama and, on May 12, 2014, closed the Asset Sale.

Pond Creek and Lasher Fields We were the operator of 298 producing vertical CBM wells in which we owned a 99.0% average working interest in the Pond Creek and Lasher fields located in southern West Virginia and southwestern Virginia. Net daily sales of gas averaged 15.2 MMcf per day for the period January 1, 2014 through May 12, 2014.

Pinnate Horizontal Wells We were the operator of 44 producing pinnate horizontal CBM wells in which we owned a 71.6% average working interest in central and northern West Virginia. We also had a 33.7 % average working interest in 67 non-operated pinnate horizontal wells in central West Virginia. Net daily sales of gas averaged 5.8 MMcf per day for the period January 1, 2014 through May 12, 2014..

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of our financial statements requires us to make assumptions and estimates that affect the reported amounts

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of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and various other assumptions that we believe are reasonable; however, actual results may differ. Our significant accounting policies are described in Note 2 Summary of Significant Accounting Policies. We believe the following critical accounting policies involve significant judgments, estimates, and a high degree of uncertainty in the preparation of our financial statements.

Income Taxes We record our income taxes using an asset and liability approach in accordance with GAAP. This results in the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of assets and liabilities using enacted tax rates at the end of the period. Under GAAP, the effect of a change in tax rates of deferred tax assets and liabilities is recognized in the year of the enacted change. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2014, a full valuation allowance has been recorded against our net deferred tax asset.

Estimating the amount of valuation allowance is dependent on estimates of future taxable income, alternative minimum tax income, and changes in stockholder ownership that could trigger limits on use of net operating losses under Section 382 of the Code. We have a significant deferred tax asset associated with NOLs.

GAAP also clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements and prescribes a consistent threshold and measurement attribute for financial statement recognition and disclosure of tax positions taken, or expected to be taken, on a tax return.

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Natural Gas Production Operations Summary

The table below presents information on gas revenues, sales volumes, production expenses and per Mcf data for the years ended December 31, 2014 and 2013. This table should be read with the discussion of the results of operations for the periods presented below (in thousands, except per Mcf amounts).

	Year Ended December 31, 2014 (1)	2013
Gas sales	$ 13,646	$ 38,087
Lease operating expenses	$ 3,924	$ 13,132
Compression and transportation expenses	2,713	7,716
Production taxes	818	2,097
Total production expenses	$ 7,455	$ 22,945
Net sales volumes (Consolidated) (MMcf)	2,779	10,179
Pond Creek field (Central Appalachian Basin) (MMcf)	1,946	5,607
Other Central Appalachian Basin fields (MMcf)	833	2,917
Gurnee field (Cahaba Basin) (MMcf)		723
Black Warrior Basin fields (MMcf)		932
Per Mcf data ($/Mcf):		
Average natural gas sales price (Consolidated)	$ 4.91	$ 3.74
Pond Creek field (Central Appalachian Basin)	$ 5.01	$ 3.79
Other Central Appalachian Basin fields	$ 4.68	$ 3.65
Gurnee field (Cahaba Basin) (2)	$	$ 3.77
Black Warrior Basin fields (2)	$	$ 3.73
Lease operating expenses (Consolidated)	$ 1.41	$ 1.29
Pond Creek field (Central Appalachian Basin)	$ 1.29	$ 1.12
Other Central Appalachian Basin fields	$ 1.69	$ 1.40
Gurnee field (Cahaba Basin) (2)	$	$ 2.85
Black Warrior Basin fields (2)	$	$ 0.73
Compression and transportation expenses (Consolidated)	$ 0.98	$ 0.75
Pond Creek field (Central Appalachian Basin)	$ 0.66	$ 0.66
Other Central Appalachian Basin fields	$ 1.71	$ 1.25
Gurnee field (Cahaba Basin) (2)	$	$ 0.28
Black Warrior Basin fields (2)	$	$ 0.19
Production taxes (Consolidated)	$ 0.29	$ 0.21
Pond Creek field (Central Appalachian Basin)	$ 0.29	$ 0.21
Other Central Appalachian Basin fields	$ 0.31	$ 0.20
Gurnee field (Cahaba Basin) (2)	$	$ 0.18
Black Warrior Basin fields (2)	$	$ 0.21
Total production expenses (Consolidated)	$ 2.68	$ 2.25
Pond Creek field (Central Appalachian Basin)	$ 2.24	$ 1.99
Other Central Appalachian Basin fields	$ 3.71	$ 2.85
Gurnee field (Cahaba Basin) (2)	$	$ 3.31
Black Warrior Basin fields (2)	$	$ 1.13

(1) 2014 results are for the period January 1, 2014 through May 12, 2014.

(2) On June 14, 2013, the Company closed the sale of all of its coalbed methane properties located in the state of Alabama.

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Results of Operations

Year Ended December 31, 2014 compared with Year Ended December 31, 2013

The following are selected items derived from our Consolidated Statement of Operations and their percentage changes from the comparable period are presented below.

	Year Ended December 31, 2014		2013 (in thousands)		Change
General and administrative	$	3,846	$	5,012	-23%
Lease termination costs	$	428	$		100%
Discontinued operations, net of tax of $653 and $0 for the year ended December 31, 2014 and 2013, respectively	$	63,033	$	40,802	54%
Income tax expense	$	25	$	25	%

General and administrative. General and administrative expense decreased by $1.2 million, or 23%, to $3.8 million compared to the prior year period. This decrease primarily resulted from the reduction in employee expenses (primarily salaries and wages) resulting from the June 2013 sale of our Alabama assets and the Asset Sale, offset by additional professional fees resulting from activities around corporate governance and the pursuit of a potential corporate transaction/merger.

Lease termination costs. Lease termination costs in the current year period resulted from the termination of our Houston office leases.

Discontinued operations, net of tax. Included in discontinued operations, net of tax in the current year period was a gain of $61.5 million on the Asset Sale. Included in discontinued operations, net of tax in the prior year period was a $36.9 million gain resulting from the June 2013 sale of our Alabama assets.

Income tax expense. The income tax expense in the current year period was different than the amount computed using the statutory rate primarily due to a $21.9 million reduction of the valuation allowance on our deferred tax asset. A reconciliation of the effective tax rate to the statutory rate for the year ended December 31, 2014 is as follows:

Amount computed using statutory rates	$	20,156,293	34.00%
State income taxes net of federal benefit		2,233,125	3.77%
Valuation Allowance		(21,928,834)	-36.99%
Nondeductible items and other		216,959	0.36%
Income tax (benefit) expense	$	677,543	1.14%
		(652,543)	

Income tax benefit (expense) discontinued operations		
Income tax expense continuing operations	$	25,000

Liquidity and Capital Resources

Cash Flows and Liquidity

As of December 31, 2014, our remaining balance of cash totaled approximately $23 million. These funds continue to be held by the Company and used for normal working capital and operating expense purposes while we continue to seek a corporate transaction/merger. Cash flows used in operating activities for the year ended December 31, 2014 were $(9.0) million, as compared to $8.8 million provided by operating activities in the prior year period. The $17.8 million decrease was primarily due to reduced cash flows resulting from the June 2013 sale of our Alabama assets and the Asset Sale. Proceeds from the Asset Sale of $97.3 million were sufficient to repay all outstanding borrowing under the Credit Agreement of $69.1 million, as well as the $9.0 million used in operating activities for the year ended December 31, 2014. We believe we have adequate cash on hand to fund corporate activities for the next twelve months.

Closing of the Asset Sale

On May 12, 2014, we closed the Asset Sale. The purchase price of $107.0 million was adjusted downward $9.7 million to account for purchase price adjustments, resulting in net proceeds of $97.3 million.

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Immediately following the closing of the Asset Sale the Administrative Agent, and the banks party thereto terminated the Credit Agreement. Immediately prior to termination of the Credit Agreement, we repaid all amounts owed to the lenders party to the Credit Agreement, which amounts totaled approximately $69.1 million. As a result, we satisfied all of our obligations under the Credit Agreement. We were not required to pay a termination penalty or other fee in connection with the termination of the Credit Agreement.

Additionally, we settled all of our remaining outstanding natural gas hedge positions for approximately $3.1 million.

In connection with the Asset Sale, all of our employees who accepted employment with the Buyer following the consummation of the Asset Sale resigned their employment with us. Our board of directors adopted a plan of termination effective as of the closing of the Asset Sale, pursuant to which we terminated all employment agreements existing at that time, change of control agreements and plans, and employee benefits, including those provided under our long-term incentive plan, and, in exchange for releases, paid approximately $4 million to such employees.

On August 31, 2014, all remaining employees were terminated with the exception of one named executive officers and two regular employees, each of who remain employed on an at-will basis.

The terms of our outstanding Preferred Stock provide that in the event of liquidation or dissolution of the Company, the holders of our Preferred Stock would be entitled to a liquidation preference before the holders of our Common Stock would be entitled to receive any distributions from the Company. The liquidation preference is equal to the original investment amount of the Preferred Stock ($40 million) plus PIK shares plus accrued and unpaid dividends, and currently totals approximately $68 million. Therefore, if the Company is dissolved, the estimated remaining net proceeds (approximately $23 million) would be less than the liquidation preference to which the holders of our Preferred Stock are currently entitled ($68 million). Absent a concession from the holders of our Preferred Stock, the holders of our Common Stock would not receive any distributions as a result of the Asset Sale or subsequent dissolution of the Company.

It is not clear that the terms of our outstanding Preferred Stock would entitle the holders of our Preferred Stock to a liquidation preference in the event the Company was to engage in a corporate transaction/merger. If our outstanding Preferred Stock is not entitled to a liquidation preference in the event of a merger, then the Preferred Stock might instead exercise its rights to convert into Common Stock, and then participate with the Common Stock in the proceeds of such transaction on an as-converted basis. Assuming liquidation with the cash balance of approximately $23 million as of December 31, 2014, this would mean that the holders of our Preferred Stock would receive less in a corporate transaction/merger than the holders of our Preferred Stock would receive in dissolution as a result of their liquidation preference. In order for the Company to engage in a corporate transaction/merger, in most cases, the Company would have to receive the approval of depending on the structure of the transaction the holders of at least 50% of the outstanding shares of Preferred Stock voting separately as a class, in addition to the approval of a majority of the outstanding shares of Common Stock including the outstanding shares of Preferred Stock voting on an as-converted basis treated as a single class.

The Company has been advised by the holders of more than 50% of our Preferred Stock that they will not vote in favor of a merger unless the terms of the transaction provide that the holders of our Preferred Stock will be entitled to receive at least the same value or distributions as such holders would have been entitled to receive in a dissolution pursuant to the liquidation preference to which the holders of the Preferred Stock are entitled. As a result, absent a concession from the holders of our Preferred Stock, it is likely that the holders of our Common Stock would not receive any distributions in a corporate transaction/merger (and/or be substantially diluted).

Capital Expenditures

Our capital expenditures on an accrual basis for the years ended December 31, 2014 and 2013 were $0.01 million and $1.0 million, respectively. We currently have no capital expenditures budgeted for 2015.

Natural Gas Price Risk and Related Hedging Activities

Prior to the Asset Sale, in an effort to reduce the effects of the volatility of the price of natural gas on our operations, management had historically hedged natural gas prices primarily using derivative instruments in the form of three-way collars, traditional collars and swaps. While the use of these hedging arrangements limited the downside risk of adverse price movements, it also limited future gains from favorable movements. We entered into hedging transactions, generally for forward periods up to two years or more, which increased the probability of achieving our targeted level of cash flows. Our price risk management policy strictly prohibited the use of derivatives for speculative positions.

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Swaps exchange floating price risk in the future for a fixed price at the time of the hedge. Costless collars set both a maximum ceiling (a sold ceiling) and a minimum floor (a bought floor) future price. We have accounted for these transactions using the mark-to-market accounting method. Generally, we incurred accounting losses on derivatives during periods where prices were rising and gains during periods where prices were falling which caused significant fluctuations in our Consolidated Balance Sheets (Unaudited) and Consolidated Statements of Operations (Unaudited).

Simultaneously with the closing of the Asset Sale on May 12, 2014, we settled all of our remaining outstanding natural gas hedge positions for approximately $3.1 million. As of December 31, 2014, we had no remaining natural gas hedge positions.

Operating Lease Commitments

We have no future minimum lease commitments as of December 31, 2014 under non-cancelable operating leases having remaining terms in excess of one year. Total rental expenses under operating leases for the year ended December 31, 2014 were approximately $1.5 million, which included $0.7 million in lease termination payments. Total rental expenses under operating leases were approximately $2.3 million for the year ended December 31, 2013.

Impact of Inflation

Inflation has not had a significant impact on our operations during the two years in the period ended December 31, 2014. We believe that inflation will not have a significant near-term impact on our financial position.

Off-Balance Sheet Arrangements

Currently, we do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB), issued Accounting Standards Update (ASU), No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The ASU changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity s operations and financial results when an entity meets the criteria to be classified as held for sale, the component of an entity or group of components of an entity is disposed of by sale, or the component of an entity or group of components of an entity is disposed of other than by sale. ASU 2014-08 should be applied when any of these occur within annual periods beginning on or after December 15, 2014. Early adoption is permitted; however, the Company elected not to early adopt the ASU. The ASU requires entities to separately present assets and liabilities of a discontinued operation for all periods presented in the balance sheet. The impact of adopting the ASU would be the reclassification of all of the assets included in the Asset Sale as Assets held for sale and all related liabilities as Liabilities held for sale, both in our Consolidated Balance Sheet as of December 31, 2013.

In August 2014, the FASB issued ASU, No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern. The ASU provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The new standard requires management to perform interim and annual assessments of an entity s ability to continue as a going concern within one year of the date of issuance of the entity s financial statements (or within one year after the date on which the financial statements are available to be issued, when applicable). Further, an entity must provide certain disclosures if there is substantial doubt about the entity s ability to continue as a going concern. The ASU is effective for annual periods ending after December 15, 2016, and interim periods thereafter and early adoption is permitted. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Commodity Price Risk. Prior to the closing of the Asset Sale, our major commodity price risk exposure was to the prices received for our natural gas production. Realized commodity prices received for our production were the spot prices applicable to natural gas. Prices received for natural gas were volatile and unpredictable and beyond our control. For the year ended December 31, 2014, a 10% decrease in the prices received for natural gas production would have decreased our gas revenues by approximately $1.36 million, which would have been offset by approximately $0.69 million by increased realized gas hedging gains.

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Interest Rate Risk. On May 12, 2014, we repaid all outstanding borrowing under the Credit Agreement. Prior to the repayment, we had long-term debt subject to the risk of loss associated with movements in interest rates. All of the debt outstanding under the Credit Agreement accrued interest at floating or market rates. Fluctuations in market interest rates would have caused our interest costs to fluctuate. Based upon the weighted average balance outstanding under the Credit Agreement, a 1% increase in market interest rates would have increased interest expense and negatively impacted our cash flows for the year ended December 31, 2014 by approximately $0.17 million.

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Item 8. ***Financial Statements and Supplementary Data***

GEOMET, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
GeoMet, Inc.

We have audited the accompanying consolidated balance sheets of GeoMet, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GeoMet, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Hein & Associates LLP

Houston, Texas
February 17, 2015

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GEOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 22,894,405	$ 8,108,272
Accounts receivable, net of allowance of $0 and $14,744 at December 31, 2014 and 2013, respectively		2,900,807
Other current assets	148,302	692,740
Total current assets	23,042,707	11,701,819
Natural gas properties utilizing the full cost method of accounting:		
Proved natural gas properties		333,109,974
Other property and equipment		3,158,701
Total property and equipment		336,268,675
Less accumulated depreciation, depletion, amortization and impairment of gas properties		(293,939,624)
Property and equipment net		42,329,051
Other noncurrent assets		769,384
TOTAL ASSETS	$ 23,042,707	$ 54,800,254
LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT		
Current Liabilities:		
Accounts payable	$ 152,258	$ 3,541,770
Royalties payable		3,656,272
Accrued liabilities	123,092	1,073,653
Income tax payable	2,543	
Derivative liability natural gas contracts		834,151
Asset retirement obligations		265,470
Current portion of long-term debt		71,550,000
Total current liabilities	277,893	80,921,316
Asset retirement obligations		8,915,407
Derivative liability natural gas contracts		709,571
Other long-term accrued liabilities		113,434
TOTAL LIABILITIES	277,893	90,659,728
Commitments and contingencies (Note 19)		
Mezzanine equity:		
Series A Convertible Redeemable Preferred Stock net of offering costs of $1,660,435; redemption amount $67,863,340; $.001 par value; 7,401,832 shares authorized, 6,786,334 and 6,000,571 shares were issued and outstanding at December 31, 2014 and 2013, respectively	48,676,221	43,404,993
Stockholders Deficit:		
Preferred stock, $0.001 par value 2,598,168 shares authorized, none issued		
Common stock, $0.001 par value authorized 125,000,000 shares; 40,523,805 issued and 40,513,373 outstanding at December 31, 2014 and 40,662,749 issued and 40,652,317 outstanding at December 31, 2013	40,524	40,663
Treasury stock, at cost 10,432 shares at December 31, 2014 and 2013	(94,424)	(94,424)
Paid-in capital	182,275,243	187,527,716
Retained deficit	(208,132,750)	(266,738,422)
Total stockholders deficit	(25,911,407)	(79,264,467)
TOTAL LIABILITIES, MEZZANINE AND STOCKHOLDERS DEFICIT	$ 23,042,707	$ 54,800,254

See accompanying Notes to Audited Consolidated Financial Statements.

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GEOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,

	Year Ended December 31, 2014	2013
Expenses:		
Depreciation, depletion and amortization	$ 113,817	$ 125,897
General and administrative	3,846,142	5,011,645
Lease termination costs	427,722	
Restructuring costs		93,584
Total operating expenses	4,387,681	5,231,126
Operating loss	(4,387,681)	(5,231,126)
Other expense	(14,966)	(227,082)
Loss before income taxes from continuing operations	(4,402,647)	(5,458,208)
Income tax expense	25,000	25,000
Loss from continuing operations	(4,427,647)	(5,483,208)
Discontinued operations, net of tax expense of $652,543 and $0 for the years ended December 31, 2014 and 2013, respectively,	63,033,319	40,802,282
Net income	$ 58,605,672	$ 35,319,074
Accretion of Series A Convertible Redeemable Preferred Stock	(2,964,762)	(2,257,968)
PIK dividends on Series A Convertible Redeemable Preferred Stock	(2,306,466)	(5,295,138)
Cash dividends paid on Series A Convertible Redeemable Preferred Stock	(1,960)	(2,572)
Net income available to common stockholders	$ 53,332,484	$ 27,763,396
Net income per common share basic:		
Net loss per common share from continuing operations	$ (0.24)	$ (0.32)
Net income per common share from discontinued operations	1.56	1.01
Net income per common share basic	$ 1.32	$ 0.69
Net income per common share diluted:		
Net loss per common share from continuing operations	$ (0.24)	$ (0.32)
Net income per common share from discontinued operations	1.56	1.01
Net income per common share diluted	$ 1.32	$ 0.69
Weighted average number of common shares:		
Basic	40,513,373	40,481,330
Diluted	40,513,373	40,481,330

See accompanying Notes to Audited Consolidated Financial Statements.

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GEOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
Net income	$ 58,605,672	$ 35,319,074
Other comprehensive income, net of related taxes:		
Foreign currency translation adjustment		(10,182)
Reclassification adjustment for loss on foreign currency translation included in net income		1,541
Unrealized loss on available for sale securities		(90,567)
Reclassification adjustment for impairment of available for sale securities included in net income		152,228
Comprehensive income	$ 58,605,672	$ 35,372,094

See accompanying Notes to Audited Consolidated Financial Statements.

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GEOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

	Common Stock Par Value $0.001	Common Stock Par Value $0.001	Treasury Stock	Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Notes Receivable	Total Stockholders Deficit
Balance at January 1, 2013	40,690,077							