

Edgar Filing: GeoMet, Inc. - Form FWP

GeoMet, Inc.
Form FWP
November 16, 2006
Issuer Free Writing Prospectus

Filed Pursuant To Rule 433

Registration Statement No. 333-131716

November 16, 2006

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling (713) 287-2261. The prospectus relating to this offering is available by clicking on the following link:

http://searchwww.sec.gov/EDGARFSCClient/jsp/EDGAR_MainAccess.jsp#topAnchor; and then type GMET.

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Bank of America 2006 Energy Conference
November 16, 2006

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Forward Looking Statements

This
presentation
includes
forward-looking
statements
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Private
Securities
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Reform
Act
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1995.
Words
such
as
"believes,"
"anticipates,"
"expects,"
"intends,"
"targeted,"
and
similar
expressions,
generally
identify
forward-looking
statements
and
should
be
read
carefully.
These
statements
are
based
on
GeoMet's
current
expectations
and
beliefs
and
are
subject
to
a
number
of
risks,

uncertainties
and
assumptions
that
could
cause
actual
results
to
differ
materially
from
those
described
in
the
forward-looking
statements.

Risks,
uncertainties
and
assumptions
include

- (i)
risks
inherent
in
the
exploration
for
and
development
and
production
of
coalbed
methane
and
in
estimating
reserves,
- (ii)
the
presence
or
recoverability
of
estimated
reserves,
- (iii)

the
ability
to
replace
reserves,
(iv)
unexpected
future
capital
expenditures,
(v)
general
economic
conditions,
(vi)
gas
price
volatility,
(vii)
the
success
of
our
hedging
and
other
risk
management
activities,
(viii)
competition,
(ix)
regulatory
changes,
(x)
the
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management
to
execute
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plans
to
meet
its
goals,
(xi)
cost
and

availability
of
transportation
to
get
our
gas
to
market,
and
(xii)
other
factors
discussed
in
GeoMet's
filings
with
the
United
States
Securities
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Exchange
Commission.
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no
obligation
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Corporate Highlights

Coalbed methane is our only business

Experienced technical team of 22 CBM professionals with an average of 17 years of experience

Track record of success (Black Warrior, Raton, Central Appalachia and Cahaba Basins)

Comparative advantage

Low finding and development costs

Growth in production

Growth in reserves

Exploration projects

Strong balance sheet

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Coalbed Methane
An Unconventional Resource

Characteristics of Coalbed Methane

Large scale, high-impact resource projects at attractive costs

Attractive CBM operating profile

Low geologic risks

Low F&D costs

Low production costs

Long-lived reserves

Early inclining production rates

Coalbeds

exist over large geographic expanses

Significant resource potential

Low geologic and development risks (corehole drilling, gas desorption tests)

Higher gas in place at shallow depths

Incremental investment decisions drive down development and operating risk

Gas Manufacturing
business

Large-scale projects

Economies of scale drive down costs

Long-lived reserves with low decline rates after early production incline

Success is not dependent on identifying coals, but on optimizing
production

Technical issues require experienced personnel

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Undeveloped Resources in Established Resource Plays
Production and Development Area
Exploration and Evaluation Area
Peace River
(British Columbia)
North Central
Louisiana
Cahaba
(Alabama)
Pond Creek
(Virginia & West Virginia)

Birmingham, Alabama
(Technical Headquarters)
Houston, Texas
(Corporate Headquarters)

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Resource Plays with Significant Upside

(1)
Based on the December 31, 2005 reserve report prepared by DeGolyer and MacNaughton, independent petroleum engineers.

(2)
The PV-10 was calculated using a flat gas price of \$9.66 per Mcf.

(3)
Net productive wells in developing projects

Proved
Reserves

at
(12/31/05)

Drilling
 and
 Acreage
 Inventory
 at
 (9/30/06)
 Net
 Additional
 Productive
 Drilling
 Basin
 Wells
 (3)
 Locations
 Total
 Developed
 Undeveloped
 Appalachia
 185
 305
 55,631
 13,240
 42,391
 Cahaba
 177
 328
 42,326
 12,160
 31,166
 North Central Louisiana
 -
 -
 119,244
 -
 119,244
 British Columbia
 -
 -
 18,343
 -
 18,287
 Piceance
 -
 -
 16,949
 -
 16,949
 Other (United States)
 -
 -

24,742
 -
 24,742
 Total
 362
 633
 277,235
 25,400
 252,779
 Estimated Net CBM Acres
 Proved
 Proved
 Developed
 Percent
 PV-10
 (2)
 (MMcf)
 (MMcf)
 Developed
 (\$MM)
 Appalachia:
 Pond Creek
 114,458
 79,864
 70%
 366
 \$
 Alabama:
 Gurnee Field (Cahaba Basin)
 145,062
 112,517
 78%
 497
 Other
 2,991
 2,758
 92%
 17
 Total
 262,511
 195,139
 74%
 880
 \$
 NOTE: R/P -
 39.7 years (8.4 year half life)
 Estimated
 Proved Reserves
 (1)
 Field

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(1)
\$13
\$36
\$59
\$59
\$90
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40
60
80

| |
|---|
| 100 |
| 2002 |
| 2003 |
| 2004 |
| 2005 |
| 2006 |
| Track Record of Growth |
| (1) |
| Excludes \$27 million for acquisition of producing properties in Pond Creek. |
| (2) |
| Proved reserves, capital expenditures and net wells drilled include White Oak Creek Field working interest, sold in 2004. |
| Daily Sales |
| Proved Reserves |
| (2) |
| Capital Expenditures |
| (2) |
| Net Wells Drilled |
| (2) |
| 2002 |
| 2003 |
| 2004 |
| 2005 |
| 9 Mo. 2006 |
| 5,837 |
| 6,806 |
| 8,709 |
| 2,024 |
| 3,246 |
| 7,226 |
| 12,585 |
| 3,813 |
| 3,560 |
| 1,483 |
| 16,486 |
| 0 |
| 2,000 |
| 4,000 |
| 6,000 |
| 8,000 |
| 10,000 |
| 12,000 |
| 14,000 |
| 16,000 |
| 18,000 |
| Production Sold in 2004 |
| 17 |
| 36 |
| 104 |
| 210 |
| 263 |

0
50
100
150
200
250
300
2001
2002
2003
2004
2005
12
63
92
98
125
0
20
40
60
80
100
120
140
2002
2003
2004
2005
2006

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Project Inventory Lifecycle

EARLY
STAGE

GeoMet has a deep inventory of resource play development projects
at all stages of the asset lifecycle

MATURE

Exploration / Evaluation
Development / Production

HIGHER RISK

LOWER RISK

Emerging

Projects
North Central
Louisiana
Lasher
Peace
River
Cahaba /
Pond Creek
Increased
Density
Drilling
Cahaba
Pond Creek
White Oak
Creek
Mature
Production

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Development Projects

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Cahaba Project (Gurnee Field)
A Significant Development Opportunity
GeoMet
Cahaba
Operations
GeoMet
Cahaba
Operations
Black Warrior Methane
El
Paso

Energen
Energen
Dominion
Resources
El
Paso
Dominion
Resources
Black
Warrior
Basin
Cahaba
Basin
Black
Warrior
River
Cahaba
River
Creek
Black Warrior Methane
El
Paso
Energen
Energen
Dominion
Resources
El
Dominion
Resources
Black
Warrior
Basin
Paso

Across anticline from Black Warrior Basin

Pennsylvanian Age Pottsville coals

Twice average coal thickness (50 feet)

43,686 net acres under lease (proforma)

Operator -
GeoMet
100% WI
Other Operators
SONAT Interstate Pipeline
GeoMet Projects
Water Discharge Pipeline
SONAT Bessemer Calera Pipeline

GeoMet
High Pressure Pipeline
N
0
4
8
Miles
N
0
4
8
Miles
CDX Pipeline
GeoMet
Enbridge Pipeline
New Acreage
Constellation
White
Oak

A Coalbed Methane Exploration & Development Company

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Cahaba Project (Gurnee Field)

Project Profile

Full scale development commenced March 2005

145 Bcf of estimated proved reserves at YE 05

33 coreholes and 573
gas desorption tests

Estimated
current
net
sales

6,200
Mcf
/day

177 productive wells with 328 additional undrilled
locations remaining

Projected 2006 capex
Approximately \$45 MM
(75 wells, including 10 infill wells)

Approximately 100 wells in 2007
Cahaba
River
Water Discharge Pipeline
SONAT Bessemer Calera Pipeline
GeoMet
High Pressure Pipeline
Proved Undeveloped
Potential Drill Sites
Compressor Sites
Drilled Coreholes
Proved Developed
Well locations
CDX Pipeline
New acreage

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18000

20000

GeoMet Daily Gas Sales

Daily Water Production

Cahaba Project (Gurnee field)

Increasing Daily Sales

144A

Roadshow

Completion

of water

discharge

pipeline

IPO

Roadshow

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Pond Creek Project

West Virginia, Virginia border

Pennsylvanian Age Pottsville coals

Coal thickness ranges from 10
30 feet

34,982 net acres under lease

Operator -
GeoMet
100% WI
CDX
Equitable
Resources
Dickinson
CNX Gas
GeoMet
Pond
Creek
Project
Lasher
Prospect
CDX
Equitable
Resources
CNX Gas
GeoMet
Pond
Creek
Project
Penn
Virginia
Lasher
Prospect
Virginia
West Virginia
N
0
10
Miles
20
GeoMet
Operations
Other Operations
0
10
Miles
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Miles
20
GeoMet
Operations
Other Operations
GeoMet Gathering Pipeline
Jewell Ridge Pipeline
ETNG Pipeline

Cardinal Pipeline

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Pond Creek Project
Project Profile

First gas sales
February
2003

114 Bcf of estimated proved
reserves at YE 05

13 coreholes and 220 gas

desorption tests

Estimated current net sales
11,600 Mcf / day

185 productive wells with 305
additional undrilled locations

Projected 2006 capex
Approximately \$26 MM
(includes 40 wells and \$5.5
MM for pipeline)

Approximately 40 wells in
2007

GeoMet

High Pressure Pipeline

Proved Undeveloped

Potential Drill Sites

Compressor Sites

Drilled Coreholes

Proved Developed

Well locations

Cardinal Pipeline

ABANDONED

MINES

ABANDONED

MINES

Virginia

West Virginia

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Feb-03

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Jul-03

Oct-03

Jan-04

Apr-04

Jul-04

Oct-04

Jan-05

Apr-05

Jul-05

Oct-05

Jan-06

Apr-06

Jul-06

Oct-06

0

25

50

75

100

125

150

175

200

225

250

275

300

Pond Creek Project

Increasing Daily Sales

144A

Roadshow

IPO

Roadshow

GeoMet Daily Gas Sales

Well Count

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Exploration and
Evaluation Projects

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36,686 gross acres (18,343 net acres)

Cretaceous Age Gething coals

100 MMcf/d of available pipeline capacity within 3 miles

Operator
GeoMet
50% WI

Attractive royalty incentive package for CBM development

Expected royalty rate < 10%

No severance tax

Peace River Prospect

Project Profile

British

Columbia

Fort

St. John

Spirit

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2005 Activity

Drilled 3 coreholes

Drilled and tested 2 production wells

Recompleted
and tested 1 existing well

Drilled and tested 1 water disposal well
2006 Activity

4 additional test wells in progress

Drilling a second water disposal well
Summary

Est.
investment
as
of
9/30/06

-
\$8.6
MM

36,686 gross acres (18,343 net acres)

Seek to expand acreage position

Development decision to be made in 1H 2007

Peace River Prospect

Project Profile

GeoMet

-
Production Test Well

-
Corehole

-
Salt Water Disposal Well

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1 km
2 km
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Hudson's
Hope
New
Acreage

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Summary Financial
Information

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Strong Financial Profile

Growing production and cash flow

Growing reserve and resource base

Low finding and development costs

Declining unit operating costs

Solid balance sheet

Low debt / capitalization

Five year credit facility, \$150 MM borrowing base

Favorable hedging position

Management team has significant public company experience

Savvy financial sponsor (Yorktown Partners, LLC)

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Low Finding and Development Costs

(1)
Data from J.S. Herold Database. Includes a broad universe of Large-Cap, Mid-Cap and Small-Cap E&P companies.

(2)
Reserve additions for the period used to compute finding and development costs have been estimated by independent petroleum engineers and adjusted for revisions to previous estimates.

(3)
Finding
and
development
costs

include
total
capital
expenditures
for
exploration,
development
and
acquisition
of
proved
reserves including the net change for the period in both future development costs and the carrying value of unproved properties

GeoMet

\$0.74 per Mcf

E&P Composite Index

(1)

\$2.47 per Mcf

3 Year Average (excluding future development costs)

3

Year

Average

(including

future

development

costs)

(2)

(3)

Cahaba Project (Gurnee Field)

\$0.86 per Mcf

Pond Creek Project (Pond Creek Field)

\$0.98 per Mcf

Combined

\$0.95 per Mcf

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Prototypical CBM Field

Inclining Production / Declining Unit Costs

Source: Actual historical performance of a Black Warrior Basin project.

Early

Stage

Intermediate

Stage

Mature

Stage

Gas

Water / Gas Ratio

Wells
LOE
0
250
500
750
1,000
1,250
1,500
1,750
2,000
2,250
\$0.00
\$0.50
\$1.00
\$1.50
\$2.00
\$2.50
\$3.00
\$3.50
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Capitalization (*\$ in thousands*)

(1)

Proved reserves at 12/31/05 of 262.5 Bcf

Cash

615

Long-Term Debt

99,926

Stockholders' Equity

95,422

Total Capitalization

195,348

\$
\$
\$
\$
Long Term Debt / Capitalization
51%
2,924
41,487
206,766
248,253
\$
\$
\$
\$
17%
12/31/05
9/30/06
Debt / Mcf
(1)
0.38
0.16
\$
\$

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Natural Gas Production Hedges

(1)

Protection is the difference between the floor price and the point where the floor price phases out. It remains a constant premium

Hedge Quantity

Three Way Collars

MMBtu

Cap

Floor

Protection

(1)

October 2006

Winter 2006 / 2007

Summer 2007

Winter 2007 / 2008

Summer 2008

372,000

1,510,000

1,712,000

1,216,000

1,712,000

8.49

11.02

10.50

14.80

10.50

\$

\$

\$

\$

\$

7.00

8.20

7.38

9.00

7.00

\$

\$

\$

\$

\$

1.12

1.50

1.63

3.00

2.00

\$

\$

\$

\$

\$

Weighted Average Price / MMBtu

d
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Summary

Coalbed

Methane is Our Only Business

Characteristics of Coalbed

Methane

Positioned for Growth

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M
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E
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y
26

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