

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## US ENERGY CORP

**Form: 8-K**

**Date Filed: 2020-03-30**

Corporate Issuer CIK: 101594

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (date of earliest event reported): March 30, 2020

**U.S. ENERGY CORP.**

(Exact Name of Company as Specified in its Charter)

**Wyoming**

(State or other jurisdiction of  
incorporation or organization)

**000-06814**

(Commission  
File No.)

**83-0205516**

(I.R.S. Employer  
Identification No.)

**675 Bering, Suite 100, Houston, Texas**

(Address of principal executive offices)

**77057**

(Zip Code)

Registrant's telephone number, including area code: **(303) 993-3200**

Not Applicable

Former Name, Former Address or Former Fiscal Year,  
If Changed From Last Report)

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

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
<b>Common Stock, \$0.01 par value</b>	<b>USEG</b>	<b>NASDAQ Capital Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

U.S. Energy Corp. (the "Company") issued a press release dated March 30, 2020 announcing highlights and selected financial and operating results for the year ended December 31, 2019. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The attached press release includes references to free cash flow and adjusted EBITDAX, both of which are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP financial measures). Free cash flow is presented because the Company believes it provides investors with insight into the Company's liquidity and cash-generating ability. Adjusted EBITDAX is presented because the Company believes it provides useful additional information to investors and analysts as a performance measure. Adjusted EBITDAX should not be considered in isolation or as a substitute for net income (loss), income (loss) from operations, net cash provided by operating activities, or profitability or liquidity measures prepared under GAAP. Because adjusted EBITDAX excludes some, but not all items that affect net income (loss) and may vary among companies, the adjusted EBITDAX amounts presented may not be comparable to similar metrics of other companies. Reconciliations of free cash flow and adjusted EBITDAX to the most directly comparable GAAP measures are included in the attached press release.

The information in this Current Report on Form 8-K, including the information set forth in Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) [Exhibits.](#)

99.1 [Press Release dated March 30, 2020](#)

---

**SIGNATURES**

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

**U.S. ENERGY CORP.**

By:     /s/ Ryan Smith      
Ryan Smith  
Chief Executive Officer  
Dated: March 30, 2020

---





## U.S. Energy Corp. Announces Full Year 2019 Financial and Operating Results

**HOUSTON, TX – March 30, 2020 — U.S. Energy Corp. (NASDAQCM: USEG)** (“We”, “U.S. Energy” or the “Company”) today announced financial and operating results for the year ended December 31, 2019.

### Full Year 2019 Highlights

- Production of 145,010 barrels of oil equivalent (“BOE”), or daily production of 397 barrels of oil equivalent per day (“BOEPD”) (76% oil);
- Oil and gas revenues of \$6.6 million;
- Lease operating expenses of \$1.8 million, or \$12.74 per BOE;
- Production taxes of \$0.4 million;
- Adjusted EBITDA of \$0.1 million; and
- Free cash flow of \$0.4 million.

“U.S. Energy is well positioned to weather the turmoil in the oil markets due to our low-cost corporate structure and strong balance sheet,” said Ryan Smith, U.S. Energy’s Chief Executive Officer. “In this environment, our priorities are protecting our balance sheet and current liquidity position while executing on the previously stated strategy of acquiring PDP-heavy assets within and around our existing core areas. We are off to a strong start and look forward to creating and preserving shareholder value as we move forward through 2020.”

### 2019 Full Year Production Update

During 2019, U.S. Energy increased production to 145,010 BOE (76% oil), an average of approximately 397 BOE per day. This represents an increase of 18% compared to 2018. The increase in our production quantities for the year ended December 31, 2019 was primarily attributable to production from our South Texas drilling activity during late 2018 and 2019.

	<u>4<sup>th</sup> Quarter 2019</u>	<u>Full Year 2019</u>
<b><u>Sales Volume (Total)</u></b>		
Oil (Bbls)	27,084	110,090
Gas (Mcf)	<u>58,137</u>	<u>209,518</u>
Sales volume (Boe)	36,774	145,010
Average daily production (Boe)		
	400	397
<b><u>Average Sales Prices</u></b>		
Oil (Bbl)	\$ 51.79	\$ 55.85
Gas (Mcf)	\$ 1.80	\$ 2.03
Average price (Boe)	\$ 41.00	\$ 45.33

## Current Liquidity Position

At December 31, 2019, the Company had approximately \$1.5 million in cash. As of March 20, 2020, we had \$1.4 million in cash, no outstanding debt and 1,404,817 shares outstanding. The Company produced \$0.4 million in free cash flow during the annual period ended December 31, 2019, which we define as net cash provided by operating activities less net cash used in investing activities.

	<b>As of</b>	
	<b>March 20, 2020</b>	
Cash balance (\$mm)	\$	1.4
Debt outstanding (\$mm)	\$	0.0
Shares outstanding		1,404,817

  

	<b>Annual period ended</b>	
	<b>12/31/2019</b>	
Net cash provided by operating activities (\$m)	\$	638
Net cash used in investing activities (\$m)		(281)
Free cash flow (\$m)	\$	357

## Fiscal Year Ended December 31, 2019 Financial Results

Revenues from sales of oil and natural gas during 2019 were \$6.6 million compared to \$5.5 million during 2018. The increase in revenue was primarily attributable to an increase in our oil production as further described above. Revenue from oil production represented 94% of Company revenue during 2019. During 2019, we realized an average oil sales price of \$55.85 per Bbl and an average gas sales price of \$2.03 per Mcf for an overall average sales price of \$45.33 per BOE.

Lease operating expenses for 2019 were \$1.8 million, or \$12.74 per BOE, compared to \$1.9 million, or \$15.46 per BOE, during 2018. The decrease in lease operating expenses on a per BOE basis was driven by continued strong production from the Company's recent development activities, primarily from the participation in development on our legacy South Texas acreage, combined with cost efficiencies achieved by our operating partners, mainly through reduced field activity and a reduction in workover expense.

General and administrative ("G&A") expenses totaled \$4.4 million during 2019 compared to \$4.0 million during 2018. The increase was primarily attributable to an increase in professional fees as a result of litigation involving the Company. We believe the expenditures related to the litigation involving the Company are substantially behind us and expect a significant reduction in professional fees in 2020. Partially offsetting the increase in professional fees were decreases in compensation and benefits as a result of the Company's successful implementation of its plan to reduce corporate overhead throughout the second half of 2019.

Net loss was \$550 thousand and Adjusted EBITDAX was \$72 thousand for 2019. Adjusted EBITDAX is a non-GAAP financial measure. Please see the below table that provides an unaudited reconciliation of net loss to Adjusted EBITDAX for the fiscal years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Net loss (GAAP)	\$ (550)	\$ (1,040)
Depreciation, depletion, accretion and amortization	693	393
Loss on marketable equity securities	229	339
Stock-based compensation expense	41	636
Unrealized derivative gain	-	(161)
Change in fair value of warrants	(352)	(775)
Interest expense, net	11	93
Adjusted EBITDAX (Non-GAAP)	\$ 72	\$ (515)

---

## **About U.S. Energy Corp.**

We are an independent energy company focused on the lease acquisition and development of oil and gas producing properties in the continental United States. Our business is currently focused in the Williston Basin of North Dakota and South Texas. We target low decline assets with existing infrastructure that allows us to maximize our return on capital in a cost effective and sustainable manner. More information about U.S. Energy Corp. can be found at [www.usnrg.com](http://www.usnrg.com).

## **Forward-Looking Statements**

This press release may include "forward-looking statements" within the meaning of the securities laws. All statements other than statements of historical facts included herein may constitute forward-looking statements. Forward-looking statements in this document may include statements concerning the Company's expectations regarding the Company's operational, exploration and development plans; expectations regarding the nature and amount of the Company's reserves; and expectations regarding production, revenues, cash flows and recoveries. When used in this press release, the words "will," "potential," "believe," "estimate," "intend," "expect," "may," "should," "anticipate," "could," "plan," "predict," "project," "profile," "model," or their negatives, other similar expressions or the statements that include those words, are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, fluctuations in oil and natural gas prices, uncertainties inherent in estimating quantities of oil and natural gas reserves and projecting future rates of production and timing of development activities, competition, operating risks, acquisition risks, liquidity and capital requirements, the effects of governmental regulation, adverse changes in the market for the Company's oil and natural gas production, dependence upon third-party vendors, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission.

## **Corporate Contact:**

U.S. Energy Corp.  
Ryan Smith  
Chief Executive Officer  
(303) 993-3200  
[www.usnrg.com](http://www.usnrg.com)

---



