SECURITIES & EXCHANGE COMMISSION EDGAR FILING

PEDEVCO CORP

Form: 8-K

Date Filed: 2020-03-31

Corporate Issuer CIK: 1141197

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 31, 2020**

PEDEVCO CORP.
(Exact name of registrant as specified in its charter)

Texas	**001-35922**	**22-3755993**
(State or other jurisdiction of incorporation or organization)	**(Commission file number)**	**(IRS Employer Identification No.)**

575 N. Dairy Ashford
Energy Center II, Suite 210
Houston, Texas 77079
(Address of principal executive offices)

(713) 221-1768
(Registrant's telephone number)

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. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	PED	NYSE American

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 of this chapter).

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 1.01 Entry Into a Material Definitive Agreement.

On March 31, 2020, as part of PEDEVCO Corp.'s (the "Company", "PEDEVCO", "we" and "us") efforts to reduce operating and corporate costs, the independent Compensation Committee of the Company's Board of Directors approved a 20% reduction in salary for all of the Company's salaried employees, effective April 1, 2020.

In connection with the 20% salary reduction, on March 31, 2020, the Company and each of Mr. Douglas J. Schick, the Company's President, and Mr. Clark R. Moore, the Company's Executive Vice President, General Counsel, and Secretary, entered into amendments to their respective employment agreements (the "Amendments") to effect the salary reductions on a temporary basis, until such time as the Company determines, in its reasonable discretion, that oil markets have recovered to acceptable levels (the "Salary Reduction Period"). The Amendments to Messrs. Schick's and Moore's employment agreements do not, however, reduce the amount of severance compensation that such executive would receive under their respective employment agreements in the event of an applicable termination of their respective employment, subject to the terms of such employment agreements.

In addition, the amendment entered into with Mr. Schick includes a provision whereby, in the event Mr. Schick's employment with the Company is voluntarily terminated by him due to the Company failing to pay his base salary (as currently reduced as disclosed above) without his written consent, the Company will (a) continue to pay Mr. Schick an amount equal to his base salary as in effect immediately before his termination of employment on the same bi-monthly schedule and amounts (less required withholdings) as he received such salary payments prior to his date of termination (the "Cash Payments"), which Cash Payments shall be reported by the Company on IRS Form 1099 as income to Mr. Schick and will continue until the earlier to occur of (x) the date that is twelve (12) months after the termination of his employment or (y) the date that he commences employment with another employer that pays him a base salary equal to, or greater than, his base salary as in effect immediately before his termination of employment, provided that, if his new employer pays him less than his Company base salary, he shall only be entitled to Cash Payment amounts going forward through the remainder of the twelve (12) month term equal to (i) his Company base salary at the time of his termination minus the salary he receives from his new employer; and (b) continue to vest his outstanding Company restricted stock and options exercisable for Company capital stock issued to him by the Company which are then held by him on his date of termination on their then-current vesting schedules during the period of up to twelve (12) months that he continues to receive the Cash Payments, in exchange for a full and complete release of claims against the Company, its affiliates, officers and directors in a form reasonably acceptable to the Company. Upon the date that his Cash Payments discontinue, he shall no longer continue to vest into any outstanding Company restricted stock or options. The Cash Payments payable to Mr. Schick and the other amounts, based on his salary, which may be due to him upon termination of his offer letter upon certain events, and subject to the terms thereof, during the Salary Reduction Period will continue to be based on Mr. Schick's non-reduced salary.

As previously disclosed, Dr. Simon Kukes, our Chief Executive Officer and director, has agreed to receive an annual salary of $1 as his compensation for serving as Chief Executive Officer of the Company and as a member of the Board of Directors and to not charge the Company for any personal business expenses he incurs in connection with such positions. We do not currently have a formal written agreement in place with Dr. Kukes. To date, Dr. Kukes has not accepted any salary from the Company (including his $1 annual compensation).

The foregoing descriptions of the Amendments do not purport to be complete and are qualified in their entirety by reference to the Amendments, copies of which are attached as Exhibit 10.3 and Exhibit 10.5, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 5.02 Departure ❑f Directors ❑r Certain Officers; Election ❑f Directors; Appointment ❑f Certain Officers; Compensatory Arrangements ❑f Certain Officers.

See the discussions under Item 1.01 above with respect to the Amendments entered into with each of Mr. Douglas J. Schick, the Company's President, and Mr. Clark R. Moore, the Company's Executive Vice President, General Counsel, and Secretary, which are incorporated into this Item 5.02 by reference in their entirety.

Item 7.01 Regulation FD Disclosure.

On March 31, 2020, the Company issued a press release announcing certain year-ended December 31, 2019 results, and certain efforts initiated to reduce operating and corporate costs.

A copy of the press release is furnished as Exhibit 99.1 hereto. The information responsive to Item 7.01 of this Form 8-K and Exhibit 99.1 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, 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 expressly set forth by specific reference in such a filing. The furnishing of this Report is not intended to constitute a determination by the Company that the information is material or that the dissemination of the information is required by Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Executive Employment Agreement, dated June 10, 2011, by Pacific Energy Development Corp and Clark Moore (filed as Exhibit 10.20 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014 (File No. 001-35922) and incorporated herein by reference)
10.2	Amendment No. 1 to Employment Agreement, dated January 11, 2013, by and between PEDEVCO Corp. and Clark R. Moore (filed as Exhibit 10.58 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014 (File No. 001-35922) and incorporated herein by reference)
10.3*	Amendment No. 2 to Employment Agreement, effective April 1, 2020, entered into by and between Clark R. Moore and PEDEVCO Corp.
10.4	Offer Letter with J. Douglas Schick as President dated August 1, 2018 (filed as Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 1, 2018 (File No. 001-35922) and incorporated herein by reference)
10.5*	Amendment No. 1 to Offer Letter, effective April 1, 2020, entered into by and between J. Douglas Schick and PEDEVCO Corp.
99.1**	Press Release dated March 31, 2020.

* Filed herewith.
** Furnished herewith.

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 thereunto duly authorized.

PEDEVCO CORP.

By: */s/ Dr. Simon Kukes*
Dr. Simon Kukes
Chief Executive Officer

Date: March 31, 2020

EXHIBIT INDEX

Exhibit No.	Description
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10.2	Amendment No. 1 to Employment Agreement, dated January 11, 2013, by and between PEDEVCO Corp. and Clark R. Moore (filed as Exhibit 10.58 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2014 (File No. 001-35922) and incorporated herein by reference)
10.3*	Amendment No. 2 to Employment Agreement, effective April 1, 2020, entered into by and between Clark R. Moore and PEDEVCO Corp.
10.4	Offer Letter with J. Douglas Schick as President dated August 1, 2018 (filed as Exhibit 10.4 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 1, 2018 (File No. 001-35922) and incorporated herein by reference)
10.5*	Amendment No. 1 to Offer Letter, effective April 1, 2020, entered into by and between J. Douglas Schick and PEDEVCO Corp.
99.1**	Press Release dated March 31, 2020.

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT

This Amendment No. 2 to Employment Agreement ("Amendment"), effective as of April 1, 2020, is entered into by and between PEDEVCO Corp., as successor-in-interest to Pacific Energy Development Corp. (herein referred to as the "Company"), and Clark R. Moore ("Executive").

WHEREAS, the Company and Executive have entered into an employment agreement, dated June 10, 2011, as amended to date (the " Agreement"), concerning the employment of Executive as Executive Vice President, General Counsel and Secretary of the Company; and

WHEREAS, the parties wish to amend the Agreement to revise certain terms of the Agreement as set forth herein in order to reduce Company costs on a temporary basis;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Temporary Reduction in Base Salary: Commencing on April 1, 2020, and terminating upon such time as the Company determines, in its reasonable discretion, that oil markets have recovered to acceptable levels, Executive's annual base salary shall be reduced from $250,000.00 to $200,000.00. Notwithstanding the forgoing, Executive's annual base salary for purposes of calculating any "Separation Payments" under the termination provisions set forth in Section 5 of the Agreement shall remain at $250,000.00 during the duration of the temporary base salary reduction.

2. Except to the extent modified hereby, the Agreement shall remain in full force and effect.

3. This Amendment shall be binding upon and inure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF, the parties have caused the Amendment to be executed as of the date and year first referenced above.

"The Company"

PEDEVCO Corp.

Date: March 31, 2020

By: */s/ Simon Kukes*
Dr. Simon Kukes
Chief Executive Officer

Date: March 31, 2020

By: */s/ Clark R. Moore*
Clark R. Moore

AMENDMENT NO. 1 TO OFFER LETTER

This Amendment No.1 to Offer Letter ("Amendment"), effective as of April 1, 2020, is entered into by and between PEDEVCO Corp. (herein referred to as the "Company"), and John Douglas Schick ("Executive").

WHEREAS, the Company and the Executive have entered into an offer letter, dated July 30, 2018, (the " Offer Letter"), concerning the employment of the Executive as President of the Company; and

WHEREAS, the parties wish to amend the Offer Letter to revise certain terms of the Offer Letter as set forth herein in order to reduce Company costs on a temporary basis, and to make certain other changes;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Temporary Reduction in Base Salary: Commencing on April 1, 2020 and terminating upon such time as the Company determines, in its reasonable discretion, that oil markets have recovered to acceptable levels, the Executive's "Base Salary" shall be reduced from $20,833.34 per month to $16,666.67 per month.

2. Severance Terms.

   a. Effective immediately, Section 10(b) of the Offer Letter shall be amended to include the following language immediately following the existing language of Section 10(b):

      "Furthermore, notwithstanding Section 10.a. above, in the event your employment with the Company is voluntarily terminated by you for "Good Reason", the Company will (a) continue to pay to you an amount equal to your base salary as in effect immediately before your termination of employment on the same bi-monthly schedule and amounts (less required withholdings) as you received such salary payments prior to your date of termination (the "Cash Payments"), which Cash Payments shall be reported by the Company on IRS Form 1099 as income to you and will continue until the earlier to occur of (x) the date that is twelve (12) months after the termination of your employment or (y) the date that you commence employment with another employer that pays you a base salary equal to, or greater than, your base salary as in effect immediately before your termination of employment, provided that, if your new employer pays you less than your Company base salary, you shall only be entitled to Cash Payment amounts going forward through the remainder of the twelve (12) month term equal to (i) your Company base salary at the time of your termination minus the salary you receive from your new employer (for example only, if your new employer base salary is $10,000.00 per month, and your Company base salary at the time of your termination was $20,833.34 per month, then the Company would pay you $10,833.34 per month for the remainder of the term); and (b) continue to vest your outstanding Company restricted stock and options exercisable for Company capital stock issued to you by the Company which are then held by you on your date of termination on their then-current vesting schedules during the period of up to twelve (12) months that you continue to receive the Cash Payments, in exchange for a full and complete release of claims against the Company, its affiliates, officer and directors in a form reasonably acceptable to the Company and as otherwise provided in Section 10.c., below (the "Release"). Upon the date your Cash Payments discontinue, you shall no longer continue to vest into any outstanding Company restricted stock or options. You agree to notify the Company in writing upon your commencement of any new employment within twelve (12) months of your termination of employment with the Company, and to provide a copy of reasonable documentation as requested by the Company to substantiate your base salary received from your new employer. For purposes of this provision, "Good Reason" means any failure by the Company to pay you your base salary of $20,833.34 in any material way, without your written consent."

b. Notwithstanding the forgoing, my base salary for purposes of calculating any payments due under the termination provisions set forth in Section 10 of the Offer Letter, as amended herein, shall remain at $20,833.34 per month during the duration of the temporary base salary reduction.

3. Except to the extent modified hereby, the Offer Letter shall remain in full force and effect.

4. This Amendment shall be binding upon and inure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF, the parties have caused the Amendment to be executed as of the date and year first referenced above.

"The Company"

PEDEVCO Corp.

Date: March 31, 2020

By: */s/ Simon Kukes*
Dr. Simon Kukes
Chief Executive Officer

Date: March 31, 2020

By: */s/ John Douglas Schick*
John Douglas Schick

PEDEVCO Announces Year-End Results and New Cost-Reduction Initiatives

HOUSTON, TX March 31, 2020 – On March 30, 2020, PEDEVCO Corp. (NYSE American: PED) ("PEDEVCO" or the "Company") reported its year-end results for 2019, and today announced new efforts initiated to reduce operating and corporate costs.

Over the year-ended December 31, 2019, the Company generated nearly $13 million in gross oil and gas revenue from the production and sale of 266,070 barrels of oil equivalent ("BOE") from its Permian Basin and D-J Basin assets, representing a 186% increase in both year-over-year production and revenues, with a corresponding direct lease operating expense ("LOE") increase of only 122%, demonstrating efficiencies of cost and scale as the Company significantly increased its production. These production increases were largely attributable to new wells completed and brought on-line in the Company's Permian Basin asset in late spring 2019, with the Company anticipating LOE to drop significantly in 2020 through operational efficiencies. In addition, the Company reported $0.644 million in net cash flow provided by operating activities before changes in working capital, which is the first time the Company has had positive cash flow in over 10 years. In addition, the Company's total estimated proved reserves as estimated by the independent petroleum engineering firm of Cawley, Gillespie & Associates grew from 12.4 million BOE at the year-ended December 31, 2018, to over 14.0 million BOE at the year-ended December 31, 2019, of which 12.4 million barrels are crude oil.

The Company also has initiated significant G&A cost-reduction measures, including a reduction to all employee salaries by 20% until market conditions significantly improve, cutting all discretionary spending, and undertaking additional actions resulting in a nearly 30% aggregate G&A reduction in 2020. Additionally, the Company is taking cost-reduction measures anticipated to reduce LOE by over 30% in 2020. Unless market conditions significantly improve through the year, the Company plans to pause its planned 2020 development plan, with the only anticipated significant capital expenditures in 2020 being those related to 2019 carryover capital commitments.

Dr. Simon Kukes, the Chief Executive Officer of the Company, commented, "We believe our year-end results demonstrate the strength of our assets and their growth potential as we continue to unlock the value of our Permian Basin and D-J Basin asset positions through further development. We are uniquely positioned with zero debt, nearly $10 million of free cash on hand, and the ability to slow or halt most of our current development projects to weather the current down market. We believe our strong asset base and balance sheet, together with the cost-cutting measures being implemented now, will put us in an excellent position when the market recovers to resume our full development plan and potentially acquire additional assets from companies which are under extremely heavy distress in the current environment."

About PEDEVCO Corp.

PEDEVCO Corp. (NYSE American: PED), is a publicly-traded energy company engaged in the acquisition and development of strategic, high growth energy projects in the United States. The Company's principal assets are its San Andres Asset located in the Northwest Shelf of the Permian Basin in eastern New Mexico, and its D-J Basin Asset located in the D-J Basin in Weld and Morgan Counties, Colorado. PEDEVCO is headquartered in Houston, Texas.

Cautionary Statement Regarding Forward Looking Statements

All statements in this press release that are not based on historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Acts"). In particular, when used in the preceding discussion, the words "estimates," "believes," "hopes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. Any statements made in this news release other than those of historical fact, about an action, event or development, are forward-looking statements. While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of the Company's control, that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not necessarily limited to, those set forth under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and subsequently filed Quarterly Reports on Form 10-Q under the heading "Risk Factors". The Company operates in a highly competitive and rapidly changing environment, thus new or unforeseen risks may arise. Accordingly, investors should not place any reliance on forward-looking statements as a prediction of actual results. The Company disclaims any intention to, and undertakes no obligation to, update or revise any forward-looking statements, except as otherwise required by law, and also takes no obligation to update or correct information prepared by third parties that are not paid for by the Company. Readers are also urged to carefully review and consider the other various disclosures in the Company's public filings with the Securities Exchange Commission (SEC).

Contacts

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