

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

BLUE DOLPHIN ENERGY CO

Form: 8-K

Date Filed: 2018-12-21

Corporate Issuer CIK: 793306

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): **December 19, 2018**

Blue Dolphin Energy Company

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

0-15905
(Commission File Number)

73-1268729
(IRS Employer Identification
No.)

801 Travis Street, Suite 2100

Houston, Texas 77002
(Address of principal executive office and zip code)

(713) 568-4725
(Registrant's telephone number, including area code)

(Not Applicable)
(Former name or former address, if changed since 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 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))

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 **Entry into a Material Definitive Agreement.**

1.01.

As previously disclosed, on July 20, 2018, Blue Dolphin Energy Company (“Blue Dolphin”), its wholly-owned subsidiaries Lazarus Energy, LLC (“LE”) and Nixon Products Storage, LLC, and their affiliates Lazarus Energy Holdings, LLC, Jonathan Carroll and Carroll & Company Financial Holdings, L.P. (collectively, the “Lazarus Parties”) entered into a Settlement Agreement with GEL Tex Marketing, LLC (“GEL”), an affiliate of Genesis Energy, LP, (as amended by the First Amendment thereto dated as of October 17, 2018, the “Settlement Agreement”) related to the previously disclosed arbitration proceedings involving Blue Dolphin, LE and GEL.

Under the Settlement Agreement, GEL and the Lazarus Parties agreed to mutually release all claims against each other and to file a stipulation of dismissal with prejudice in connection with the arbitration proceedings, subject to the terms and conditions set forth in the Settlement Agreement (the “Settlement”), including payment by the Lazarus Parties to GEL of \$10,000,000 in cash (the “Settlement Payment”). The Settlement Agreement provides that the Settlement Agreement will terminate, unless extended in writing by GEL, on December 31, 2018 if the Settlement Payment is not made on or before such date (the “Settlement Payment Deadline”) and may be terminated by GEL following the occurrence of an event of default under the Settlement Agreement. The Settlement Agreement also requires the Lazarus Parties to work in good faith and take reasonable actions to obtain a commercial loan in an aggregate principal amount equal to the Settlement Payment (the “Settlement Financing”) and provides that an event of default will occur if the Lazarus Parties fail to achieve certain milestones related to the Settlement Financing.

On November 15, 2018, the Lazarus Parties and GEL entered into a Second Amendment to the Settlement Agreement (the “Second Amendment”). The Second Amendment (i) extended the Settlement Payment Deadline from December 31, 2018 to January 31, 2019 (unless extended in writing by GEL) and (ii) extended the dates for achievement of certain milestones related to the Settlement Financing.

On December 19, 2018, the Lazarus Parties and GEL entered into a Third Amendment to the Settlement Agreement (the “Third Amendment”). The Third Amendment (i) further extended the Settlement Payment Deadline from January 31, 2019 to May 1, 2019 (unless extended in writing by GEL) and (ii) further extended the dates for achievement of certain milestones related to the Settlement Financing.

Blue Dolphin can provide no assurance that the conditions to the consummation of the Settlement will be met. If any of the conditions are not met or the Settlement Agreement is terminated, GEL may seek to enforce the final award in the arbitration proceedings against the Lazarus Parties, in which case, Blue Dolphin and its affiliates would likely be required to seek protection under bankruptcy laws.

The foregoing description of the terms of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the Second Amendment, which has been filed as Exhibit 10.1 to this Current Report on Form 8-K.

Item **Financial Statements and Exhibits.**

9.01.

(d) Exhibits

[10.1](#) Third Amendment to the Settlement Agreement, dated as of December 19, 2018, by and among Lazarus Energy, LLC, Blue Dolphin Energy Company, Lazarus Energy Holdings, LLC, Nixon Product Storage, LLC, Carroll & Company Financial Holdings, L.P., Jonathan Carroll and GEL Tex Marketing, LLC.

SIGNATURE

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

Blue Dolphin Energy Company

Date: December 21, 2018

By: /s/ JONATHAN P. CARROLL

Jonathan P. Carroll
Chief Executive Officer, President,
Assistant Treasurer and Secretary
(Principal Executive Officer)

THIRD AMENDMENT TO THE SETTLEMENT AGREEMENT

This Third Amendment to the Settlement Agreement (this "Third Amendment"), dated as of December 19, 2018, is by and between Lazarus Energy, LLC, a Delaware limited liability company ("Lazarus"); Blue Dolphin Energy Company, a Delaware corporation ("BDEC"); Lazarus Energy Holdings, LLC, a Delaware limited liability company ("LEH"); Nixon Product Storage, LLC, a Delaware limited liability company ("Nixon"); Carroll & Company Financial Holdings, L.P. ("C&C"); Jonathan Carroll ("Carroll" and, together with Lazarus, BDEC, LEH, Nixon, and C&C the "Lazarus Parties"); and GEL Tex Marketing, LLC, a Delaware limited liability company ("GEL Tex") (each, a "Party" and, collectively, the "Parties").

RECITALS

WHEREAS, on July 20, 2018, the Parties executed the Settlement Agreement ¹ in order to provide for a settlement between the Lazarus Parties and GEL Tex regarding the Final Award that resolves the Arbitration and the District Court Action contingent upon the Lazarus Parties obtaining the Settlement Financing to fund a settlement in accordance with the terms of the Settlement Agreement;

WHEREAS, paragraph 15(d) of the Settlement Agreement requires the Lazarus Parties to achieve certain milestones in connection with obtaining the Settlement Financing;

WHEREAS, paragraph 17(a) of the Settlement Agreement provides that the Settlement Agreement shall terminate automatically on December 31, 2018 unless otherwise extended in writing by GEL Tex;

WHEREAS, on October 17, 2018, the Parties executed the First Amendment to the Settlement Agreement (the "First Amendment") to amend the Settlement Agreement;

WHEREAS, on November 15, 2018, the Parties executed the Second Amendment to the Settlement Agreement (the "Second Amendment") to further amend the Settlement Agreement;

WHEREAS, in order to facilitate the Lazarus Parties' ongoing negotiations to obtain the Settlement Financing, GEL Tex and the Lazarus Parties hereby agree to further amend the Settlement Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenant and agreements set forth in the Settlement Agreement and this Third Amendment, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. All capitalized terms used but not otherwise defined in this Third Amendment shall have the meanings given to such terms in the Settlement Agreement.

AGREEMENT

1. Paragraph 15(d)(i) of the Settlement Agreement shall be further amended and replaced in its entirety and shall now state:

Provide GEL Tex with a copy of the United States Department of Agriculture's or a bona fide third-party lender's Commitment of the Settlement Financing by no later than March 15, 2019, unless otherwise extended in writing by GEL Tex;

2. Paragraph 15(d)(ii) of the Settlement Agreement shall be amended and replaced in its entirety and shall now state:

Provide GEL Tex with copies of the fully executed loan documents for the Settlement Financing by no later than April 17, 2019, unless otherwise extended in writing by GEL Tex;

3. Paragraph 17(a) of the Settlement Agreement shall be amended and replaced in its entirety and shall now state:

May 1, 2019, unless otherwise extended in writing by GEL Tex, if the Settlement Payment Date has not occurred on or before such date; or

4. Notwithstanding anything in this Third Amendment, during the Interim Period, the Lazarus Parties shall continue to pay GEL Tex the Interim Payments on the last business day of each calendar month.

5. GEL Tex and the Lazarus Parties agree that this Third Amendment may be executed in separate parts delivered by electronic means that, taken together, will be deemed to be one instrument. GEL Tex and each Lazarus Party represent and warrant that this Third Amendment has been approved and authorized by all necessary action and the execution hereof does not violate any agreement to which it is a party.

6. Except as set forth in this Third Amendment, the Settlement Agreement, the First Amendment, and the Second Amendment are unaffected and shall continue in full force and effect in accordance with their terms. If there is a conflict between this Third Amendment, the Second Amendment, the First Amendment, and the Settlement Agreement, the terms of this Third Amendment will prevail.

[Signature Pages Follow]

¹ All capitalized terms used but not otherwise defined in this Third Amendment shall have the meanings given to such terms in the Settlement Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Third Amendment to the Settlement Agreement to be duly executed and delivered as of the date first set forth above.

GEL TEX MARKETING, LLC

By: /s/ ROBERT V. DEERE
Name: ROBERT V. DEERE
Title: CHIEF FINANCIAL OFFICER

LAZARUS ENERGY, LLC

By: /s/ JONATHAN CARROLL
Name: JONATHAN CARROLL
Title: PRESIDENT

BLUE DOLPHIN ENERGY COMPANY

By: /s/ JONATHAN CARROLL
Name: JONATHAN CARROLL
Title: PRESIDENT

LAZARUS ENERGY HOLDINGS, LLC

By: /s/ JONATHAN CARROLL
Name: JONATHAN CARROLL
Title: PRESIDENT

NIXON PRODUCT STORAGE, LLC

By: /s/ JONATHAN CARROLL
Name: JONATHAN CARROLL
Title: PRESIDENT

CARROLL & COMPANY FINANCIAL HOLDINGS, L.P.

By: /s/ JONATHAN CARROLL
Name: JONATHAN CARROLL
Title: PRESIDENT

By: /s/ JONATHAN CARROLL
Jonathan Carroll