

8-K - 2018-05-25

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8-K

8-K 1 cei-8k_052518.htm CURRENT REPORT

**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): **May 25, 2018**

Camber Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

001-32508

(Commission File Number)

20-2660243

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

4040 Broadway, Suite 425, San Antonio, Texas 78209

(Address of principal executive offices)

(210) 998-4035

(Registrant's telephone number, including area code)

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:

- ? 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 1.01 Entry Into a Material Definitive Agreement.

On May 25, 2018, Camber Energy, Inc. (the “Company”) entered into a Separation and Release Agreement (the “Separation Agreement”) with Richard N. Azar II, its then Chief Executive Officer. Pursuant to the Separation Agreement, Mr. Azar agreed to resign from the Company as Chief Executive Officer effective May 25, 2018, and to release the Company from claims in connection with various employment related statutes and laws and the Company agreed to pay him a severance payment of \$150,000, payable in three installments of \$50,000 each, on June 1, 2018, July 2, 2018 and August 1, 2018, and to grant him warrants to purchase 1,000,000 shares of the Company’s common stock (the “Warrants”), at an exercise price of \$0.39 per share, equal to the closing stock price of the Company’s common stock on the date the Severance Agreement was agreed to by the parties, the exercise of which Warrants are subject to approval by the NYSE American of the additional listing of the shares of common stock issuable upon exercise thereof, and to the extent required by the rules of the NYSE American, the approval of the shareholders of the Company of the issuance of the shares of common stock issuable upon exercise thereof.

The description of the Severance Agreement and Warrants above is not complete and is qualified in its entirety to the full text of the Severance Agreement and the Common Stock Purchase Warrant, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively, and which are incorporated by reference in their entirety in this Item 1.01.

Item 3.02 Unregistered Sales of Equity Securities.

The information disclosed in Item 1.01 of this Current Report on Form 8-K relating to the Warrants (as defined therein) is incorporated by reference into this Item 3.02. The sale and issuance of the Warrants was determined to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance on Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, as transactions by an issuer not involving a public offering.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective on May 25, 2018, Richard N. Azar II, resigned as Chief Executive Officer of the Company. The resignation was not due to a disagreement with the Company or in connection with any matter relating to the Company’s operations, policies or practices. Mr. Azar remains a member of the Board of Directors of the Company. Mr. Azar’s resignation was made partially in connection with his status as a personal guarantor under the Company’s outstanding bank loan with International Bank of Commerce (“IBC”), which as previously reported by the Company, is currently in default and perceived conflicts of interest in connection therewith and in connection with the Company’s negotiation of a resolution thereto. As of the date of this Report, the Company continues to discuss potential settlements and modifications of the IBC debt.

Effective upon Mr. Azar’s resignation, the Board of Directors of the Company appointed Mr. Louis G. Schott as Interim Chief Executive Officer of the Company. Mr. Schott’s biographical information is included below:

Louis G. Schott, age 52

Mr. Schott has over 24 years of legal and business experience with 20 years in the oil and gas industry, including a strong background in restructuring, mergers and acquisitions, public company regulations and requirements, title, energy finance, business development, general negotiations and land. Mr. Schott’s recent restructuring experience includes restructurings within and outside of bankruptcy and both public, traded on the TSX and NYSE American, and private entities.

Mr. Schott is currently an advisor to the Company (a position he has held since December 2017) and is also an advisor to other companies in various stages of growth.

Mr. Schott was recently the Interim Chief Executive Officer of EnerJex Resources, Inc., a Nevada corporation listed on the NYSE American ("EnerJex"), a position which he held from February 2017 to March 2018. As CEO, he led the restructuring efforts, cost reductions and successful completion of a merger between EnerJex and a privately held company.

Mr. Schott was previously General Counsel and Treasurer of TexOak Petro Holdings LLC ("TexOak") and its subsidiaries including Equal Energy ("Equal"), from 2009 through August 2016, where he actively performed all legal functions, including corporate structure and governance, negotiation of oil and gas acquisitions and divestitures, drafting review and certification of all corporate and financial documents, legal and land due diligence, corporate finance, litigation management, risk management, insurance, corporate policies, and human resource management. At TexOak, Mr. Schott successfully managed two mergers including the merger with Equal, a Canadian public company dually listed on the New York Stock Exchange and the Toronto Stock Exchange and Equal's subsequent privatization and redomestication. Mr. Schott was also instrumental in working with the CEO and the Board in guiding Petroflow's predecessor through restructuring and bankruptcy emerging as a private company with no debt and capital to grow.

Prior to joining TexOak's subsidiary, Petroflow, in 2005, Mr. Schott served in various senior roles with TDC Energy ("TDC") from 1996 through 2005. Prior to TDC, Mr. Schott was an oil and gas attorney with Liskow & Lewis in New Orleans.

Mr. Schott is a graduate of Tulane University with an MBA and a Juris Doctorate. Mr. Schott is also a non-practicing unlicensed Certified Public Accountant.

* * * * *

Other than as described below, Mr. Schott is not a party to any material plan, contract or arrangement (whether or not written) with the Company and there are no arrangements or understandings between Mr. Schott and any other person pursuant to which either was selected to serve as an officer of the Company, nor is Mr. Schott a participant in any related party transaction required to be reported pursuant to Item 404(a) of Regulation S-K.

Engagement Letter

In connection with Mr. Schott's appointment as Chief Executive Officer of the Company, the Company entered into an engagement letter with Fides Energy LLC ("Fides"). Pursuant to the letter, Fides agreed to supply Mr. Schott's services to the Company as Interim Chief Executive Officer and we agreed to pay Fides \$25,000 per month for the use of Mr. Schott's services. The agreement can be terminated by either party with 90 days' notice and terminates automatically upon the death of Mr. Schott. Pursuant to the agreement, Mr. Schott is also eligible to receive bonus compensation at the discretion of the Board of Directors.

The description of the engagement letter above is not complete and is qualified in its entirety to the full text of the engagement agreement, a copy of which is attached hereto as Exhibit 10.3 and is incorporated by reference in its entirety in this Item 5.02.

Item 8.01 Other Events.

On May 25, 2018, the Company filed a press release disclosing the resignation of Mr. Azar and the appointment of Mr. Schott. A copy of the press release is included as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
10.1*	Separation and Release Agreement between Camber Energy, Inc. and Richard N. Azar II dated May 25, 2018
10.2*	Common Stock Purchase Warrant granted to Richard N. Azar II dated May 25, 2018
10.3*	Engagement Letter with Fides Energy LLC/Louis G. Schott dated May 25, 2018
99.1**	Press Release dated May 25, 2018

* Filed herewith.

** Furnished herewith.

SIGNATURE

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.

CAMBER ENERGY, INC.

By: /s/ Robert Schleizer
Name: *Robert Schleizer*
Title: Chief Financial Officer

Date: May 25, 2018

EXHIBIT INDEX

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* Filed herewith.

** Furnished herewith.

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (this “**Agreement**”) confirms the terms of Richard N. Azar, II’s (“Azar”, “you”, or “your”) separation from employment as the Chief Executive Officer of Camber Energy, Inc., a Nevada corporation (the “**Company**”).

You agree that effective as of **8:00 AM (Central Time) on May 25, 2018** (the “**Separation Date**”), your employment with the Company shall be considered mutually terminated by the parties. Along with such termination, all Company benefits to you (i.e., health insurance coverage, 401(k) plans and life insurance (if any)) will be terminated, provided that the Company will provide COBRA paperwork as required by law (if applicable).

As of the Separation Date, you will be paid all wages, salary, bonuses, commissions, expense reimbursements, and any other amounts that you are owed, if any, including, but not limited to \$64,000 in accrued director’s fees approved by the Board of Directors on April 25, 2018. Such compensation shall be paid in addition to the Severance Payment provided for hereinafter and is not contingent upon your performance of any other provisions in this Agreement. You will also be paid what you are owed for any vacation time, sick time, paid time off or paid leave of absence, or in connection with any severance or deferred compensation plan, if eligible, and that you will have been given all time off to which you were entitled under any policy or law, including but not limited to leave under the Family and Medical Leave Act of 1993.

Although you are not otherwise entitled to receive any severance from the Company in connection with your voluntary separation from employment, subject to, and in consideration for, your providing the Company with an executed copy of this Agreement as provided herein, and not revoking this Agreement, and your compliance with all of the terms and conditions of this Agreement, all other agreements entered into by and between you and the Company, and all Company policies and procedures, the Company also will pay you (a) a lump sum severance payment equal to \$150,000, payable in three installments of \$50,000 each, on June 1, 2018, July 2, 2018 and August 1, 2018, and (b) warrants to purchase 1,000,000 shares of the Company’s common stock in the form of Exhibit A hereto (the “**Warrants**”), which will have an exercise price equal to the closing stock price of the Company’s common stock on the date this Agreement is agreed to by the parties, and the exercise of which Warrants will be subject to (i) approval by the NYSE American of the additional listing of the shares of common stock issuable upon exercise thereof, (ii) to the extent required by the rules of the NYSE American, the approval of the shareholders of the Company of the issuance of the shares of common stock issuable upon exercise thereof, and (iii) to the extent necessary, an increase in the number of authorized but unissued and unreserved shares of common stock of the Company (collectively, (i) through (iii) the “**Exercise Prerequisites**”), in each case less all applicable withholdings and required deductions (the “**Severance Payment**”). The Company agrees to use commercially reasonable efforts to satisfy the Exercise Prerequisites as promptly as is commercially reasonable.

The Severance Payment provisions set forth in this Agreement shall be referred to as the “**Severance Benefits**.” You agree that the Severance Benefits are something of value and that you are not already entitled to these additional benefits.

In addition to the Severance Benefits, the Company confirms and acknowledges that:

- (a) The Company is not prohibiting you from contacting the Company’s lender; IBC, regarding an acquisition by IBC of the Company’s assets, which are currently secured by security interests of IBC, notwithstanding that, as long as you remain a member of the Board of Directors of the Company you are required to continue to comply with your fiduciary duties to the Company; and
- (b) The Company will pay \$7,500 per month, payable on the 1st business day of each month, for rent to you or your designee during the period the Company utilizes its current offices at 4040 Broadway, Suite 425, San Antonio, Texas, 78209, and such rental arrangement shall be considered on a month-to-month basis, provided that the Company may terminate such arrangement at any time with a minimum of thirty days’ notice. The Company shall not be required to maintain a deposit.

You are solely responsible for any and all tax obligations or other obligations under federal and/or state law pertaining to the receipt of the Severance Benefits in the Agreement, and you hereby agree to hold the Company and its respective affiliates harmless from any and all liability relating to such obligations.

In exchange for providing you with the Severance Benefits, you agree to fully release the Company, and its respective current and former parent companies, subsidiaries, and other affiliated companies as well as any of their respective current and former insurers, directors, officers, agents, shareholders, employees, consultants, payroll processing agents, agents, affiliates and assigns (collectively, the “**Released Parties**”) from any claims you may have against them as of the date you sign this Agreement, whether such claims arise from common law, statute, regulation, or contract. This release includes but is not limited to rights and claims arising under or arising out of (i) Title VII of the Civil Rights Act of 1964, as amended; (ii) the Americans with Disabilities Act, as amended; (iii) the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit plan of the Company in accordance with the terms of such plan and applicable law); (iv) the Age Discrimination in Employment Act, as amended, or the Older Workers Benefit Protection Act; (v) the Texas Payday Law, Texas Workers’ Compensation Act and Texas Workforce Innovation and Opportunity Act; (vi) alleged discrimination or retaliation in employment (whether based on federal, state or local law, statutory or decisional); (vii) any law (statutory or decisional) providing for attorneys’ fees, costs, disbursements and/or the like; (viii) any other federal, state, or local law prohibiting discrimination and/or harassment; and (ix) claims under the Texas Labor Code, the Texas Business Organizations Code, and all other laws and regulations relating to employment. By accepting the Severance Benefits, you have agreed to release the Released Parties from any liability arising out of your employment with and separation from the Company. This would include, among other things, claims alleging breach of contract, defamation, emotional distress, harassment, retaliation, or discrimination based on age, gender, race, religion, national origin, disability or any other status under local, state, or federal law. This release does not prevent you from pursuing any workers’ compensation benefits to which you may be entitled. Furthermore, nothing in this Agreement shall be construed to prevent you from filing a charge with or participating in an investigation conducted by any governmental agency, including, without limitation, the United States Equal Employment Opportunity Commission (“**EEOC**”) or applicable state or city fair employment practices agency, to the extent required or permitted by law. Nevertheless, you understand and agree that you are waiving any relief available (including, for example, monetary damages or reinstatement), including but not limited to financial benefit or monetary recovery from any lawsuit filed or settlement reached by the EEOC or anyone else with respect to any claims released and waived in this Agreement.

You understand and acknowledge that you are releasing potentially unknown claims, and that you may have limited knowledge with respect to some of the claims being released. You acknowledge that there is a risk that, after signing this Agreement, you may learn information that might have affected your decision to enter into this Agreement. You assume this risk and all other risks of any mistake in entering into this Agreement and confirm that it is your intention to release all claims that you have or may have against the Released Parties, whether known or unknown, suspected or unsuspected. You agree that this Agreement is fairly and knowingly made.

The waiver and release contained in this Agreement does not apply to any claim which, as a matter of law, cannot be released by private agreement. If any provision of the waiver and release contained in this Agreement is found to be unenforceable, it shall not affect the enforceability of the remaining provisions and a court shall enforce all remaining provisions to the full extent permitted by law.

You represent, warrant and covenant to each of the Released Parties that at no time prior to or contemporaneous with your execution of this Agreement have you (i) knowingly engaged in any wrongful conduct against, on behalf of or as the representative or agent of the Company; or (ii) knowingly violated any state, federal, local or other law, including any securities laws or regulations. The Company acknowledges the existence of that certain lawsuit filed in the United States District Court for the Western District of Texas under Civil Action No. 5:17-cv-00962, styled *Aaron Rubenstein v. Richard N. Azar, II* (the “Rubenstein lawsuit”), complaining of an alleged violation of Section 16(b) of the Securities Exchange Act of 1934, as amended (the “Act”), 15 U.S.C. § 78p(b), which Azar has vigorously disputed and defended. The Company stipulates that this section shall not apply to the Rubenstein lawsuit.

You agree that this Agreement does not alter any agreements or promises you made prior to or during your employment concerning intellectual property, confidentiality, non-solicitation, or non-competition.

You agree that you are the only person who is able to assert any right or claim arising out of your employment with or separation from the Company. You promise that you have not assigned, pledged or otherwise sold such rights or claims, nor have you relied on any promises other than those contained in this Agreement.

You agree that neither this Agreement nor payment or effectiveness of the Severance Benefits being offered to you for this Agreement is an admission by the Company of any liability or unlawful conduct of any kind. You agree that the Severance Benefits being offered in exchange for your release of claims and rights is sufficient. You agree to cooperate on behalf of the Company, as appropriate and lawful, in future legal actions relating to your employment with the Company.

You and the Company agree not to disparage each other or to do anything that portrays either you or the Company, or the Company's, services, products or personnel in a negative light or that might injure you or the Company's business or affairs. This would include, but is not limited to, disparaging remarks about either you or the Company, as well as the Company's shareholders, officers, directors, employees, agents, advisors, partners, affiliates, consultants, products, formulae, business processes, corporate structure or organization, and marketing methods. This does not however prevent you or the Company from communicating any concerns about potential violations of law, rule or regulation to the Securities and Exchange Commission or any other government authority or self-regulatory agency (each an "**Agency**" and collectively, "**Agencies**"), prohibit you or the Company from discussing any such matters with any Agency, or prohibit any truthful affirmation or testimony in compliance to any request, subpoena, or inquiry by the government or regulatory agency.

You agree to keep confidential any and all non-public information about the business or finances of the Company, including, without limitation, all information about (or relating to) any products, services, technology, business plans, litigation, financial statements, projections, existing or proposed projects, suppliers, customers, merchant lists, pricing, purchase records, sale records, marketing, processes, equipment, facilities, data, methodologies or trade secrets, in whatever form (collectively "**Information**", which Information shall encompass the Company's Information and/or any Information of any Affiliate of the Company, subsidiary of the Company or party who has contracted with or proposed to contract with the Company, from whatever source shall be deemed confidential and shall be collectively referred to in this Agreement as "**Confidential Information**"). Notwithstanding the foregoing, the term "**Confidential Information**" shall not include information which (a) is independently developed by you otherwise than in connection with your employment; (b) becomes publicly available without violation of this Agreement or by any fault of you or any other party subject to confidentiality rights with the Company; (c) becomes lawfully available in the "**public domain**" from a third party; (d) is approved for disclosure by written authorization of the Company; or (e) which you are compelled to disclose pursuant to applicable law or court order, provided that you give the Company prompt notification of such requested disclosure.

"**Person**" means any natural person, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, proprietorship, business or statutory trust, trust, union, association, instrumentality, governmental authority or other entity, enterprise, authority, unincorporated organization or business organization. An "**Affiliate**" of a specified Person means any other Person that (at the time when the determination is made) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person. As used in the foregoing sentence, the term "**control**" (including, with correlative meaning, the terms "**controlling**," "**controlled by**" and "**under common control with**") means the power to direct the management and/or the policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

You further agree that you will not at any time (i) use any Confidential Information for any other purpose other than as agreed to by the Company in writing, or (ii) discuss, disclose or otherwise transfer any Confidential Information to any Person. The requirements of this paragraph shall survive the termination of this Agreement.

You agree that, if you violate the terms of this Agreement, you will reimburse the Released Parties for any reasonable and necessary attorneys' fees, costs, or other damages arising from your breach of the Agreement, unless you are challenging your waiver of claims under the Age Discrimination in Employment Act. You agree that, if any portion of this Agreement is found to be unenforceable, the remainder of the Agreement will remain enforceable.

Before signing this Agreement, you should make sure that you understand what you are signing, what benefits you are receiving, and what rights you are giving up, including your rights under the Age Discrimination in Employment Act. You are also encouraged to consult an attorney about the contents and meaning of this Agreement.

You shall have up to twenty-one (21) days from the date of your receipt of this Agreement, which receipt occurred on **May 24, 2018**, to consider the terms and conditions of this Agreement (the **"Review Period"**). You may accept this Agreement at any time within the Review Period by executing it and returning it to Camber Energy, Inc., Attn: Bob Schleizer, Chief Financial Officer, c/o BlackBriar Advisors LLC, 3131 McKinney Ave., Suite 600, Dallas, TX 75204, or via email at bschleizer@blackbriaradvisors.com, no later than 5:00 p.m. (Central) on the twenty-first (21st) day after your receipt of this Agreement. Thereafter, you will have seven (7) days to revoke this Agreement (the **"Revocation Period"**) by stating your desire to do so in writing to Bob Schleizer at the address listed above, no later than 5:00 p.m. (Central) on the seventh (7th) day following the date you sign this Agreement. The effective date of this Agreement shall be the eighth (8th) day following your signing and acceptance of this Agreement (the **"Effective Date"**), provided you do not revoke the Agreement during the Revocation Period. In the event you do not accept this Agreement as set forth above, or in the event you revoke this Agreement during the Revocation Period, this Agreement, including but not limited to the obligation of the Company and its subsidiaries and affiliates to provide the consideration provided above shall automatically be deemed null and void and any Severance Benefits offered or provided hereunder shall be immediately withdrawn and be deemed null, void and terminated. Furthermore, you shall immediately return any Severance Benefits paid by the Company prior to such revocation.

By signing this Agreement, you also agree, following the Separation Date, to cooperate fully with the Company upon request in all matters relating to the completion of your pending work on behalf of the Company and in connection with the orderly transition of such work to such other employees as the Company may designate. You further agree that following the Separation Date you will cooperate fully with the Company upon request as to any and all claims, controversies, disputes, or complaints of which you have any knowledge or that may relate to you or your employment with the Company, unless you are an adverse party. The Company will reimburse you for any reasonable out-of-pocket expenses incurred pursuant to your duties under this Paragraph, after the Separation Date, which are pre-approved in writing by the Company. Such cooperation includes but is not limited to providing the Company with all information known to you related to such claims, controversies, disputes, or complaints and appearing and giving testimony in any forum.

If this Agreement fully and accurately describes the complete agreement concerning your separation of employment and your agreement to release the Released Parties for any acts occurring prior to the date you sign this Agreement (and supersedes all previous oral or written communications, representations or agreements), please confirm this agreement by signing and dating this Agreement. By signing this Agreement, you agree that your waiver of rights and claims is knowing and voluntary. You further confirm that you fully understand the benefits you are receiving and the rights and claims you are waiving under this Agreement and that you have accepted those benefits and waived those rights and claims of your own free will.

This Agreement shall be governed exclusively by and construed exclusively in accordance with the laws of the state of Texas, without giving effect to the conflict of law principles of state of Texas. In the event of a dispute arising out of or related to this Agreement, the parties agree that venue lies in a court of competent jurisdiction in Bexar County, Texas.

In the event of a dispute between the parties arising out of or related to this Agreement, the parties shall submit the dispute to mediation, which shall occur within thirty (30) days unless otherwise agreed by the parties. If the matter is not resolved at mediation, the matter may be submitted for arbitration by the American Arbitration Association or such other arbiter as the parties may agree upon. In the event of an arbitration, the matter shall be conducted under the Commercial Arbitration Rules of the American Arbitration Association and the Expedited Procedures contained therein, promulgated on October 1, 2013. The prevailing party(ies) shall be entitled to recover their reasonable and necessary attorney's fees and costs as the arbitrator shall determine.

This Agreement shall be binding upon the parties hereto and upon their heirs, administrators, representatives, executors, successors, offspring, spouse and assigns, and shall inure to the benefit of said parties and each of them and to their heirs, administrators, representatives, executors, successors and assigns.

Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions shall not be effected thereby, and said illegal, unenforceable or invalid part, term or provision shall be deemed not to be a part of this Agreement.

You further agree that if you disavow or challenge in court this Agreement, and if this Agreement is deemed unenforceable by a court of competent jurisdiction as the result of your actions, all Severance Benefits offered to you or provided to you hereunder shall be withdrawn and be deemed null, void and terminated immediately upon the entry of the final court order.

This Agreement sets forth the entire Agreement between the parties hereto and fully supersedes any and all prior agreements or understandings, written or oral between the parties hereto pertaining to your separation from employment with the Company.

This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto.

This Agreement may be signed in counterparts, and each counterpart shall be considered an original agreement for all purposes.

This Separation and Release Agreement was given to Richard N. Azar II on **May 25, 2018**. You will have until **June 15, 2018** to sign and deliver this Separation and Release Agreement.

ACCEPTED AND AGREED TO:

/s/ Richard N. Azar II	Date <u>5-25-2018</u>
_____	_____
Richard N. Azar II	

CAMBER ENERGY, INC.

/s/ Bob Schleizer

Date 5/25/2018

Bob Schleizer

Chief Executive Officer

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Initial /s/ BS

EX-10.2

EX-10.2 3 ex10-2.htm COMMON STOCK PURCHASE WARRANT GRANTED TO RICHARD N. AZAR II DATED MAY 25, 2018

[CAMBER ENERGY, INC. 8-K](#)**Exhibit 10.2**

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION OR QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED PURSUANT TO AN EXEMPTION UNDER SUCH ACT AND SECURITIES LAWS.

Warrant No. RA#1

Date: May 25, 2018

**CAMBER ENERGY, INC.
COMMON STOCK PURCHASE WARRANT**

This Common Stock Purchase Warrant (this “**Warrant**”) is issued to Richard N. Azar II (the “**Holder**”), by Camber Energy, Inc., a Nevada corporation (the “**Company**”).

1. Purchase of Shares. Subject to the terms and conditions of this Warrant, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the Holder in writing), to purchase from the Company 1,000,000 shares of the Company’s Common Stock, \$0.001 par value per share (the “**Shares**”), subject to adjustment pursuant to Section 8.

2. Purchase Price. The purchase price for the Shares shall be \$0.39 per share of Common Stock, subject to adjustment pursuant to Section 8 (such price, as adjusted from time to time, is herein referred to as the “**Exercise Price**”).

3. Exercise Period. This Warrant shall be exercisable, in whole or in part, during the term commencing on the later to occur of (a) the approval by the NYSE American of the additional listing of the Shares; (b) to the extent required by the rules of the NYSE American, the approval of the shareholders of the Company for the issuance of the Shares; and (c) to the extent required in the reasonable determination of the Company’s legal counsel, such time as the Company has increased its authorized but unissued shares of common stock to a sufficient level to allow for the issuance of the Shares, and ending at 5:00 p.m. on May 24, 2023.

4. Method of Exercise. While this Warrant remains outstanding and exercisable in accordance with Section 3, the Holder may exercise, in whole or in part, the purchase rights evidenced by this Warrant. Such exercise shall be effected by:

(a) the surrender of the Warrant, together with a duly executed copy of the form of subscription attached hereto, to the Secretary of the Company at its principal offices; and

Camber Energy, Inc.
Common Stock Purchase Warrant
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(b) the payment to the Company of an amount equal to the aggregate Exercise Price for the number of Shares being purchased.

5. Certificates for Shares. Upon the exercise of the purchase rights evidenced by this Warrant, one or more certificates for the number of Shares so purchased shall be issued as soon as practicable thereafter, and in any event within 10 days of the delivery of the subscription notice.

6. Issuance of Shares. Except as otherwise provided herein, the Company covenants that the Shares, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

7. Adjustment of Exercise Price and Number of Shares. The number of Shares purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions, Combinations and Other Issuances. If the Company shall at any time prior to the expiration of this Warrant subdivide its Common Stock, by split-up or otherwise, or combine its Common Stock, or issue additional shares of its Common Stock as a dividend with respect to any shares of its Common Stock, the number of Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price payable per Share, but the aggregate Exercise Price payable for the total number of Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 7(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization, and Consolidation. In case of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination or stock dividend provided for in Section 7(a)), then, as a condition of such reclassification, reorganization or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities or property receivable in connection with such reclassification, reorganization or change by a holder of the same number and type of securities as were purchasable as Shares by the Holder immediately prior to such reclassification, reorganization or change. In any such case, appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities or property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price per Share payable hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Notice of Adjustment. When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of this Warrant, or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of Shares or other securities or property thereafter purchasable upon exercise of this Warrant.

8. No Fractional Shares or Scrip. No fractional Shares or scrip representing fractional Shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional Shares the Company shall issue an additional share of common stock to the Holder or pay the Holder the fair market value of such fractional share, as determined in the reasonable discretion of the Board of Directors of the Company, in the Company's sole discretion.

9. No Shareholder Rights. Prior to exercise of this Warrant, the Holder shall not be entitled to any rights of a shareholder with respect to the Shares, including without limitation, the right to vote such Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of shareholder meetings, and the Holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company.

10. Successors and Assigns. Subject to the restrictions on transfer described in Section 11 below, the rights and obligations of the Company and the Holder shall be binding on and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

11. Transfer of this Warrant or any Shares Issued on Conversion Hereof. The Holder shall not sell, assign, pledge, transfer or otherwise dispose of or encumber this Warrant or any Shares issued on exercise hereof (collectively, the "Securities"), except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or (ii) pursuant to an available exemption from registration under the Securities Act and applicable state securities laws and, if requested by the Company, upon delivery by the Holder of an opinion of counsel satisfactory to the Company to the effect that the proposed transfer is exempt from registration under the Securities Act and applicable state securities laws. Any transfer or purported transfer of the Securities in violation of this Section 11 shall be voidable by the Company. The Company shall not register any transfer of the Securities in violation of this Section 11. The Company may, and may instruct any transfer agent for the Company, to place such stop transfer orders as may be required on the transfer books of the Company in order to ensure compliance with the provisions of this Section 11.

12. Amendments and Waivers. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder. Any waiver or amendment effected in accordance with this Section 12 shall be binding upon the Holder of any Shares purchased under this Warrant at the time outstanding (including securities into which such Shares have been converted), each future holder of all such Shares and the Company.

13. Restrictions. By acceptance hereof, the Holder acknowledges that the Shares acquired upon the exercise of this Warrant have restrictions upon their resale imposed by state and federal securities laws.

14. Governing Law. This Warrant, and all related matters, whether in contracts or tort, in law or in equity, or otherwise, shall be governed by the laws of the State of Texas, without regard to choice of law or conflict of law principles that direct the application of the laws of a different state.

15. Venue. All disputes and controversies arising out of or in connection with this Warrant shall be resolved exclusively by the state and federal courts located in Bexar County, Texas, and each party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

16. Waiver of Jury Trial. THE COMPANY AND THE HOLDER EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS WARRANT.

[Signature Page Follows]

Camber Energy, Inc.
Common Stock Purchase Warrant
Page 4 of 6

This Warrant is issued effective as of the date first set forth above.

CAMBER ENERGY, INC., a Nevada corporation

By: /s/ Bob Schleizer

Name: Bob Schleizer

Title: Chief Financial Officer

Camber Energy, Inc.
Common Stock Purchase Warrant
Page 5 of 6

WARRANT SUBSCRIPTION

Camber Energy, Inc.

Attention: Corporate Secretary

The undersigned hereby elects to purchase, pursuant to the provisions of the Common Stock Purchase Warrant issued by Camber Energy, Inc., a Nevada corporation (the “**Company**”) and held by the undersigned, _____ shares of Common Stock of the Company. Payment of the Exercise Price per Share required under the Warrant accompanies this Subscription.

The undersigned hereby represents and warrants that the undersigned is acquiring such Shares for his own account for investment purposes only, and not for resale or with a view to distribution of such Shares or any part thereof.

Date: _____, 20__

WARRANTHOLDER:

Signature: _____

Print Name: _____

Title: _____

Address: _____

Name in which Shares should be
registered: _____

EX-10.3EX-10.3 4 ex10-3.htm ENGAGEMENT LETTER WITH FIDES ENERGY LLC/LOUIS G. SCHOTT DATED MAY 25, 2018

[CAMBER ENERGY, INC. 8-K](#)**Exhibit 10.3****FIDES ENERGY LLC****VIA EMAIL: bschleizer@blackbriaradvisors.com**

May 25, 2018
Mr. Bob Schleizer
Camber Energy, Inc.
4040 Broadway
Suite 425
San Antonio, Texas 78209

Re: Terms of Engagement – Camber Energy, Inc.

Dear Mr. Schleizer:

This letter agreement (the “Agreement”) confirms the terms under which Camber Energy Inc., (the “Company”) has engaged Fides Energy LLC (“Fides”) to provide the Company with the services described below. This Agreement amends, replaces and supersedes that prior letter agreement between the Company and Fides dated December 1, 2017 for all purposes.

Scope Of Services

Louis G. Schott, through Fides, will be retained as Interim Chief Executive Officer (“CEO”) of the Company to serve at the request of the Board of Directors of the Company.

In this role, Schott will report to the Board of Directors of the Company. As part of executing his duties, Mr. Schott will perform services typical of a CEO of a publicly traded company such as the Company and such other services as are reasonably requested from time to time by the Board of Directors of the Company.

Timing and Fees

The Agreement is effective as of May 25, 2018, and shall continue thereafter from month-to-month until terminated as provided below.

The Services herein shall be provided for a monthly fee of \$25,000. Mr. Schott shall also be eligible for bonus compensation commensurate with his position and services as a member of the Management Team in line with the other members of the Company’s Management Team. The Company will also be responsible for the reimbursement of reasonable customary and necessary expenses including insurance, office, travel and related costs subject to the terms of the Company’s reimbursement policies in place from time-to-time.

Invoices for the Services will be billed in advance monthly amounts on the 1st day of each month and will be payable upon receipt of the invoice. It is understood that either party to this contract may terminate the contract upon ninety (90) days’ written notice to the other party and this Agreement shall terminate automatically upon the death of Mr. Schott. Notwithstanding the above, the Board of Directors of the Company may remove Mr. Schott as CEO of the Company at any time, for any reason, provided that the Company shall be required to continue to pay Fides the consideration due hereunder for ninety (90) days after such termination as CEO.

CONFIDENTIALITY

During the course of Fides and Mr. Schott's (collectively "Schott's") employment, Schott will have access to various Confidential/Trade Secret Information of the Company and information developed for the Company. For purposes of this Agreement, the term "Confidential/Trade Secret Information" is information that is not generally known to the public and, as a result, is of economic benefit to the Company in the conduct of its business, and the business of the Company's subsidiaries. Schott and the Company agree that the term "Confidential/Trade Secret Information" includes but is not limited to all information developed or obtained by the Company, including its affiliates, and predecessors, and comprising the following items, whether or not such items have been reduced to tangible form (e.g., physical writing, computer hard drive, disk, tape, e-mail, etc.): all methods, techniques, processes, ideas, research and development, product designs, engineering designs, plans, models, production plans, business plans, add-on features, trade names, service marks, slogans, forms, pricing structures, menus, business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of and/or contractual arrangements with suppliers and/or vendors, accounting procedures, and any document, record or other information of the Company relating to the above. Confidential/Trade Secret Information includes not only information directly belonging to the Company which existed before the date of this Agreement, but also information developed by Schott for the Company, including its subsidiaries, affiliates and predecessors, during the term of Schott's employment with the Company and prior thereto. Confidential/Trade Secret Information does not include any information which (a) was in the lawful and unrestricted possession of Schott prior to its disclosure to Schott by the Company, its subsidiaries, affiliates or predecessors, or owned thereby, which shall be included in Confidential/Trade Secret Information, (b) is or becomes generally available to the public by lawful acts other than those of Schott after receiving it, or (c) has been received lawfully and in good faith by Schott from a third party who is not and has never been an employee of Schott or of the Company, its subsidiaries, affiliates or predecessors, and who did not derive it from the Company, its subsidiaries, affiliates or predecessors.

Schott agrees that its use of Confidential/Trade Secret Information is subject to the following restrictions for an indefinite period of time so long as the Confidential/Trade Secret Information has not become generally known to the public: Schott agrees that it will not publish or disclose, or allow to be published or disclosed, Confidential/Trade Secret Information to any person without the prior written authorization of the Company unless pursuant to or in connection with Schott's job duties to the Company under this Agreement or as may be required by judicial or administrative process or by other requirements of law; and Schott agrees that it will not remove any Confidential/Trade Secret Information from the offices of the Company or the premises of any facility in which the Company is performing services, except pursuant to its duties under this Agreement. Schott further agrees, that upon request, that it shall surrender to the Company all documents and materials in its possession or control which contain Confidential/Trade Secret Information and which are the property of the Company upon the termination of its employment with the Company, and that he/it shall not thereafter retain any copies of any such materials.

CONFLICT OF INTEREST

During Schott's employment with the Company, Schott must not engage in any work, paid or unpaid, that creates an actual conflict of interest with the Company. If the Company or Schott has any question as to the actual or apparent potential for a conflict of interest, either shall raise the issue formally to the other, and if appropriate and necessary the issue shall be put to the Board of the Company for consideration and approval or non-approval, which approval or non-approval Schott agrees shall be binding on Schott.

LIABILITY AND INDEMNIFICATION

Subject to applicable law, in no event, unless it has been finally determined by a court having competent jurisdiction, that Schott was grossly negligent or acted with willful misconduct or fraudulently, shall Schott be liable to the Company or any of the Company's officers, directors, shareholders, employees, agents, representatives, or any third party, whether pursuant to a claim in tort, contract or otherwise. In no event shall Schott be liable for any special, consequential, indirect, exemplary, punitive, lost profits or similar damages arising from the engagement or the Services. Subject to applicable law, the Company shall indemnify, defend and hold Schott and its contract affiliates, harmless on a current basis as incurred, from and against any and all liabilities, losses, demands, penalties, actions, suits, costs and expenses (including, without limitation, reasonable attorney's fees and expenses), to which any of the foregoing may be subject to or incur arising out of, or in connection with the performance of Services or otherwise incident to the engagement herein contemplated except to the extent that it is finally determined by a court of competent jurisdiction that such damages arise directly out of Schott's own gross negligence or willful misconduct. The Company's obligations under this paragraph shall survive the termination of the engagement herein contemplated.

Either party may immediately terminate this engagement upon written notice to the other party as per the terms above provided however, Schott shall be entitled to payment for Services provided and Expenses incurred through the effective date of such termination in accordance with this Agreement.

ENTIRE AGREEMENT

This Agreement, including the Exhibits hereto, sets forth the entire agreement between the Parties with respect to the subject matter hereof, and supersedes any and all prior agreements between the Company and Schott, whether written or oral, relating to any or all matters covered by and contained or otherwise dealt with in this Agreement. This Agreement does not constitute a commitment of the Company with regard to Schott's employment, express or implied, other than to the extent expressly provided for herein.

AMENDMENT

No provisions of this Agreement may be modified, waived, or discharged except by a written document signed by Scott and a duly authorized Company officer. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time.

GENERAL TERMS

This Agreement and the relationship established hereby shall be governed by the laws of the State of Texas (without regard to its conflict of laws provisions) and any dispute or claim arising out of or relative thereto shall be heard by the state courts located in Bexar County or federal courts located in Bexar County, Texas. Words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires.

Very truly yours,

FIDES ENERGY LLC

Louis G. Schott
Member and Manager

Agreed to and accepted by:

Camber Energy, Inc.

/s/ Bob Schleizer

By: Bob Schleizer

Its: Chief Financial Officer

Date: May 25, 2018

Camber Energy, Inc. Announces Change in Chief Executive Officer

SAN ANTONIO, TX / ACCESSWIRE / May 25, 2018 / Camber Energy, Inc. (NYSE American: CEI) ("Camber" or the "Company"), an independent oil and gas company, announced today that Richard N. Azar II resigned as Chief Executive Officer of the Company effective on May 25, 2018. Mr. Azar remains a member of the Board of Directors of the Company.

Effective upon Mr. Azar's resignation, the Board of Directors of the Company appointed Mr. Louis G. Schott as Chief Executive Officer of the Company.

Mr. Schott has over 24 years of legal and business experience with 20 years in the oil and gas industry, including a strong background in restructuring, mergers and acquisitions, public company regulations and requirements, title, energy finance, business development, general negotiations and land. Mr. Schott's recent restructuring experience includes restructurings within and outside of bankruptcy and both public, traded on the TSX and NYSE American, and private entities.

Mr. Azar's resignation was made partially in connection with his status as a personal guarantor under the Company's outstanding bank loan with International Bank of Commerce ("IBC"), which as previously reported by the Company, is currently in default and perceived conflicts of interest in connection therewith and in connection with the Company's negotiation of a resolution thereto. As of the date of this press release, the Company continues to discuss potential settlements and modifications of the IBC debt and expects Mr. Schott to help facilitate such negotiations moving forward.

More information regarding Mr. Azar's resignation and Mr. Schott, including his biographical information and engagement agreement, can be found in the Form 8-K filed today by Camber, available on the SEC's EDGAR website [here](#).

About Camber Energy, Inc.

Based in San Antonio, Texas, Camber Energy (NYSE American: CEI) is a growth-oriented, independent oil and gas company engaged in the development of crude oil, natural gas and natural gas liquids in the Hunton formation in central Oklahoma, in addition to anticipated project development in the San Andres formation in the Permian Basin. For more information, please visit the Company's website at www.camber.energy.

Safe Harbor Statement and Disclaimer

This news release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward-looking words including "will," "may," "expects," "projects," "anticipates," "plans," "believes," "estimate," "should," and certain of the other foregoing statements may be deemed forward-looking statements. Although Camber believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. These include risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Camber to delay or suspend planned drilling operations or reduce production levels; risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks associated with the conditions to closing required to be met to obtain all but the initial \$9 million due pursuant to the terms of the Stock Purchase Agreement; risks relating to the absence or delay in receipt of government approvals or third party consents; and other risks described in Camber's Annual Report on Form 10-K and other filings with the SEC, available at the SEC's website at www.sec.gov. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at <http://www.sec.gov>.
