

8-K - 2018-01-24

Form: 8-K

Filing date: 2018-01-24

Accession: 0001580695-18-000063

8-K

8-K 1 cei-8k_012218.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): **January 22, 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)

(713) 528-1881

(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.

The information in Item 2.01 below regarding the Assignment, Royalty Assignment and Release is incorporated in this Item 1.01 by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 15, 2017, CATI Operating, LLC (“CATI”), the then wholly-owned subsidiary of Camber Energy, Inc. (the “Company”, “we” and “us”), entered into a Release of Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement and Fixture Filing (the “Release”) with the trustee for Louise H. Rogers, the Company’s former lender (“Rogers”).

Pursuant to the Release, the Company completed a transaction in which CATI provided Rogers, pursuant to an Assignment of Overriding Royalty Interest (the “Royalty Assignment”), with an overriding royalty (equal to 0.01 of 8/8ths of all oil and gas) on CATI’s remaining leasehold and Rogers released CATI from all remaining indebtedness owed.

The Release, which was filed in various counties in Texas on January 22nd and January 23rd 2018, discharged approximately \$5.8 million in principal and interest outstanding and owed to Rogers, according to Rogers. The effective date of the Release was December 15, 2017. The Release, Royalty Assignment and Assignment (as defined below) only became effective upon the date the Release was filed, January 22, 2018.

Additionally, the remaining leasehold and ownership of CATI was assigned to Arkose Lease Partners, L.L.C., a third party (“Arkose”), pursuant to an Assignment of Membership Interest (the “Assignment”), dated November 1, 2017, in exchange for Arkose’s assumption of all plugging and abandonment liabilities of CATI.

The foregoing descriptions of the Release, Royalty Assignment and Assignment are qualified in their entirety by reference to the full text thereof which are filed as Exhibits 10.1, 10.2 and 2.1, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On January 24, 2018, filed a press release announcing the release and related transactions described above under Item 2.01. A copy of the press release is furnished herewith as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information presented herein under Item 7.01 and set forth in the attached Exhibit 99.1 is deemed to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information and Exhibit be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
2.1*	Assignment of Membership Interest dated November 1, 2017, by and between Camber Energy, Inc. and Arkose Lease Partners, L.L.C.
10.1*	Assignment of Overriding Royalty Interest from CATI Operating, LLC, as assignor, to Louise Herrington Ornelas Trust, as assignee, effective December 13, 2017
10.2*	Release of Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement, and Fixture Filing between CATI Operating, LLC and Sharon E. Conway, Trustee for the benefit of Louise H. Rogers dated December 15, 2017
99.1**	Press Release, dated January 24, 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/ Richard N. Azar II

Name: Richard N. Azar II

Title: Chief Executive Officer

Date: January 24, 2018

EXHIBIT INDEX

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ASSIGNMENT OF MEMBERSHIP INTEREST

THIS ASSIGNMENT OF MEMBERSHIP INTEREST (this “**Agreement**”) is made as of the 1ST day of November, 2017 (the “**Effective Date**”), by and among CAMBER ENERGY, INC., a Delaware Corporation (“**CAMBER**” or “**Assignor**”), and Arkose Lease Partners, L.L.C., a Texas Limited Liability company (“**Assignee**”).

RECITALS:

- A. Camber is the sole member of CATI Operating LLC, a Texas limited liability company (the “**Company**”);
- B. Camber desires to assign all of Camber’s interest in CATI Operating, LLC to ARKOSE LEASE PARTNERS, L.L.C., (the “**Transferred Interest**”)
- C. As permitted by the Company Agreement of the Company, dated _____, 201_, Assignor desire to assign all of their respective right, title and interest in and to the Transferred Interest to Assignee, and Assignee desires to accept the assignment of the Transferred Interest and assume all of the respective obligations of Assignors with respect thereto under the Company Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1.1 Assignment. Assignors hereby irrevocably assign, convey, and transfer to Assignee all of their respective right, title and interest in and to the Transferred Interest in accordance with the percentage allocation of membership interests set forth on Exhibit A attached hereto (the “**Assignment**”). The Assignee shall be substituted as a member of the Company to the extent of the Transferred Interest, having all of the rights and obligations of a member thereof as set forth in the Company Agreement.
- 1.2 Acceptance. The Assignee hereby accepts the Assignment and agrees to be bound by all of the terms and provisions of the Company Agreement.
- 1.3 Effective Date of Assignment. The Assignment is effective as of the Effective Date, and from and after that date each of the Assignors shall have no ownership or other interest in the Transferred Interest or the right to any benefit therefrom.
- 1.4 Future Cooperation on Subsequent Documents. Assignors and Assignee mutually agree to cooperate at all times from and after the Effective Date with respect to the supplying of any information requested by the other regarding any of the matters described in this Agreement, and each agrees to execute such further deeds, bills of sale and assignments as may be reasonably requested for the purpose of giving effect to, evidencing or giving notice of the transactions described herein, including without limitation, amending the Company Agreement as contemplated by Section _____ of the Company Agreement to reflect the admission of the Assignee as a member of the Company and its membership interests in the Company.
- 1.5 Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their successors and assigns.
- 1.6 Modification and Waiver. No supplement, modification, waiver or termination of this Agreement or any provision hereof shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
- 1.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas (without regard to principles of conflict of laws).
- 1.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one and the same Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

ASSIGNORS:

CAMBER ENERGY, INC.

By: /s/ Richard Azar, II
Richard Azar, II, President

ASSIGNEE:

ARKOSE LEASE PARTNERS, L.L.C.

By: Bill Kerrigan, President

Exhibit A

Assignee	Address	Percentage Allocation of Membership Interests
ARKOSE LEASE PARTNERS, LLC	1400 BROADFIELD BLVD. STE 600 HOUSOTN, TX 77084	100%
TOTAL		100%

EX-10.1

EX-10.1 3 ex10-1.htm ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

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

Exhibit 10.1

























EX-10.2

EX-10.2 4 ex10-2.htm RELEASE OF MORTGAGE, DEED OF TRUST, ASSIGNMENT, SECURITY AGREEMENT, FINANCING STATEMENT, AND
FIXTURE FILING

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



Exhibit 10.2



Camber Energy Announces Extinguishment of CATI Debt

SAN ANTONIO, TX / ACCESSWIRE / January 24, 2018 / Camber Energy, Inc. (NYSE American: CEI) (the "Company" or "Camber"), based in San Antonio, Texas, a growth-oriented, independent oil and gas company engaged in the development of crude oil, natural gas and natural gas liquids, announced the release of the remaining debt of its wholly owned subsidiary, CATI Operating, LLC ("CATI").

The Company has concluded a transaction in which CATI provided its lender with an overriding royalty (equal to 0.01 of 8/8ths of all oil and gas) on CATI's remaining leasehold and the lender released CATI from all remaining indebtedness. The release, which was received Monday and filed in some counties that same day, discharged approximately \$5.8 million in principal and interest outstanding according to CATI's Lender. The effective date of the release is December 15, 2017.

Additionally, the remaining leasehold and ownership of CATI was transferred to a third party in exchange for that party's assumption of all plugging and abandonment liabilities. That transfer was only effective upon the release of the CATI indebtedness and was subject to the overriding royalty described above. This transfer further reduced the Company's asset retirement obligations related to the above-mentioned plugging and abandonment liabilities.

Richard N. Azar II, the CEO of Camber noted that "this release of indebtedness as well as the transfer of the CATI entity with its assets and liabilities further improves the Company's balance sheet by reducing its liabilities. This is all consistent with the plan to reduce Company obligations noted previously in my communications to shareholders."

Mr. Azar added, "These transactions further position the Company to focus on its core Oklahoma assets while evaluating comparable acquisition opportunities in order to give us an inventory of lower risk opportunities to add to our reserve base and cash flow."

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 provide 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 \$4 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>.
