GEOPETRO RESOURCES CO
Form 10-Q
November 14, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-16749

GeoPetro Resources Company

(Exact name of registrant as specified in its charter)

California	**94-3214487**
(State of incorporation)	(IRS Employer Identification Number)

150 California Street, Suite 600	
San Francisco, CA	**94111**
(Address of principal executive offices)	(Zip Code)

(415) 398-8186

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 89,353,074 shares of no par value common stock outstanding on November 13, 2014.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED BALANCE SHEETS

	September 30, 2014 (unaudited)	December 31, 2013 (1)
ASSETS		
Current Assets		
Cash and cash equivalents	$7,127	$10,857
Accounts receivable-other	16,644	16,644
Prepaid expenses	59,803	34,719
Total current assets	83,574	62,220
Oil and Gas Properties, at cost (full cost method)		
Unproved properties	2,659,248	2,626,860
Proved properties	57,151,646	57,129,646
Gas processing plant, at cost	5,533,910	5,533,910
Less-accumulated depletion, depreciation, and impairment	(41,991,589)	(41,991,589)
Net oil and gas properties	23,353,215	23,298,827
Furniture, Fixtures and Equipment, at cost, net of depreciation	12,763	17,398
Other Assets	49,336	36,733
Total Assets	$23,498,888	$23,415,178
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade payables and accrued expenses	$2,154,987	$2,152,029
Current portion of notes payable	2,848,165	2,907,987
Notes payable - related party	901,000	900,778
Interest payable	513,161	377,572
Preferred dividends payable	1,436,009	1,196,236

Other taxes payable	192,717	233,942
Royalty owners payable	327,840	327,844
Total current liabilities	8,373,879	8,096,388
Long Term Notes Payable, net of current portion	124,840	79,882
Asset Retirement Obligations	75,000	75,000
Other Long Term Liabilities	40,292	53,145
Total Liabilities	8,614,011	8,304,415
Shareholders' Equity		
Series B preferred stock, no par value; 7,523,000 shares authorized; 5,185,027 and 5,370,027 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively. Liquidation preference of $3,888,770 and $4,027,520 at September 30, 2014 and December 31, 2013, respectively.	3,695,122	3,833,872
Common stock, no par value; 100,000,000 shares authorized; 89,236,074 and 56,191,074 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively.	61,312,159	59,696,609
Additional paid-in capital	4,580,360	4,557,723
Accumulated deficit	(54,702,764)	(52,977,441)
Total shareholders' equity	14,884,877	15,110,763
Total Liabilities and Shareholders' Equity	$23,498,888	$23,415,178

(1) Derived from the December 31, 2013 audited consolidated financial statements.

See accompanying notes to these unaudited consolidated financial statements

GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30, 2014	2013
Revenues		
Natural gas sales	$-	$-
Costs and Expenses		
Plant operations	31,007	106,459
Lease operations	24,951	32,061
General and administrative	308,183	346,349
Depreciation and depletion	1,236	2,699
Total costs and expenses	365,377	487,568
Loss from operations	(365,377)	(487,568)
Other Income (Expense)		
Interest expense	(85,686)	(89,512)
Interest income	17	-
Other income (expense)	(7)	1
Gain on sale	-	-
Total other income (expense)	(85,676)	(89,511)
Loss Before Taxes	(451,053)	(577,079)
Income tax expense	-	-
Net Loss	(451,053)	(577,079)
Preferred stock dividend	(79,996)	(81,213)
Net Loss Applicable to Common Shareholders	$(531,049)	$(658,292)
Net Loss Per Common Share Basic and Diluted	$(0.01)	$(0.01)
Weighted average number of common shares outstanding basic and diluted	89,101,454	52,217,161

See accompanying notes to these unaudited consolidated financial statements.

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GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine Months Ended September 30,	
	2014	**2013**
Revenues		
Natural gas sales	$-	$-
Costs and Expenses		
Plant operations	105,161	266,922
Lease operations	153,700	126,333
General and administrative	980,049	1,456,442
Depreciation and depletion	4,635	8,641
Total costs and expenses	1,243,545	1,858,338
Loss from operations	(1,243,545)	(1,858,338)
Other Income (Expense)		
Interest expense	(257,914)	(257,754)
Interest income	28	-
Other income	6,481	5,589
Gain on sale	11,000	-
Total other income (expense)	(240,405)	(252,165)
Loss Before Taxes	(1,483,950)	(2,110,503)
Income tax expense	(1,600)	(1,600)
Net Loss	(1,485,550)	(2,112,103)
Preferred stock dividend	(239,773)	(241,233)
Net Loss Applicable to Common Shareholders	$(1,725,323)	$(2,353,336)
Net Loss Per Common Share Basic and Diluted	$(0.02)	$(0.05)
Weighted average number of common shares outstanding basic and diluted	78,958,766	49,921,060

See accompanying notes to these unaudited consolidated financial statements.

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GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Preferred Stock		**Common Stock**		**Additional Paid-in**	**Accumulated**	**Total**
	Series B Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Deficit**	**Shareholders' Equity**
Balances, January 1, 2014	5,370,027	$3,833,872	56,191,074	$59,696,609	$4,557,723	$(52,977,441)	$15,110,763
Conversion of preferred stock to common stock	(185,000)	(138,750)	185,000	138,750	-	-	-
Issuance of common stock for cash, net of issuance costs	-	-	32,800,000	1,475,000	-	-	1,475,000
Share-based compensation	-	-	60,000	1,800	22,637	-	24,437
Net loss	-	-	-	-	-	(1,485,550)	(1,485,550)
Dividends on Series B preferred stock	-	-	-	-	-	(239,773)	(239,773)
Balances, September 30, 2014	5,185,027	$3,695,122	89,236,074	$61,312,159	$4,580,360	$(54,702,764)	$14,884,877

See accompanying notes to these unaudited consolidated financial statements.

GEOPETRO RESOURCES COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2014	**2013**
Cash Flows From Operating Activities		
Net loss	$(1,485,550)	$(2,112,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on sale	(11,000)	-
Depreciation and depletion	4,635	8,641
Share-based compensation expense	24,437	231,765
Amortization of debt discount	10,858	31,572
Changes in operating assets and liabilities:		
Other current assets	(37,687)	9,558
Current liabilities	77,546	930,415
Other long term liabilities	(12,853)	(9,703)
Net cash used in operating activities	(1,429,614)	(909,855)
Cash Flows from Investing Activities		
Additions to oil and gas properties	(34,616)	(203,122)
Proceeds from dispositions of oil and gas properties	-	63,275
Proceeds from sale of furniture, fixtures and equipment	11,000	-
Net cash used in investing activities	(23,616)	(139,847)
Cash Flows from Financing Activities		
Proceeds from issuance of common shares and warrants	1,600,000	675,500
Payment of issuance costs	(125,000)	-
Proceeds from promissory notes	55,000	105,000
Repayment of promissory notes	(75,000)	-
Payment of loan fees	(5,500)	-
Proceeds from related party notes	-	312,000
Net cash provided by financing activities	1,449,500	1,092,500
Net Increase (Decrease) in Cash and Cash Equivalents	(3,730)	42,798
Cash and Cash Equivalents		
Beginning of period	10,857	59,432
End of period	$7,127	$102,230

Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$111,467	$44,360
Cash paid for income taxes	$1,600	$9,664
Non-Cash Transactions		
Accrual of dividends on preferred stock	$239,773	$241,233
Conversion of preferred stock to common stock	$138,750	$39,730
Issuance costs paid in shares of common stock	$40,000	$-
Fair value of warrants issued in connection with promissory notes and private placements	$-	$156,034
Rescission of common stock and warrants	$-	$250,000
Fair value of warrants cancelled in connection with rescission of common stock	$-	$40,070

See accompanying notes to these unaudited consolidated financial statements.

GEOPETRO RESOURCES COMPANY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND USE OF ESTIMATES

The interim consolidated financial statements of GeoPetro Resources Company ("we," "us," "our," "GeoPetro" or the "Company") are unaudited and contain all adjustments (consisting primarily of normal recurring accruals) necessary for a fair statement of the results for the interim periods presented. Results for interim periods are not necessarily indicative of results to be expected for a full year or for previously reported periods due in part, but not limited to, the volatility in crude oil and natural gas commodity prices, interest rates, estimates of reserves, drilling risks, geological risks, transportation restrictions, the timing of acquisitions, product demand, market competition, interruption in production and our ability to obtain additional capital. You should read these consolidated interim financial statements in conjunction with the audited consolidated financial statements and notes thereto included in GeoPetro's Annual Report on Form 10-K for the year ended December 31, 2013.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of GeoPetro and its wholly-owned subsidiaries. Intercompany accounts and transactions are eliminated. In preparing the accompanying financial statements, management has made certain estimates and assumptions that affect reported amounts in the financial statements. Actual results may differ from those estimates. Significant assumptions are required in the valuation of proved oil and natural gas reserves, which may affect the amount at which oil and natural gas properties are recorded. The computation of share-based compensation expense requires assumptions such as volatility, expected life and the risk-free interest rate. It is at least reasonably possible these estimates could be revised in the near term, and these revisions could be material.

2. LIQUIDITY

As of September 30, 2014, we had a cash balance of $7,127 and a working capital deficit of $8,290,305. For the nine months ended September 30, 2014, our cash used in operating activities amounted to $1,429,614. Our results of operations have resulted in an accumulated deficit of $54,702,764 from inception through the nine months ended September 30, 2014. If capital is available, we estimate that our investment needs for the remainder of 2014 and 2015 will amount to $6,350,000 related to our natural gas properties within the Madisonville field and our California properties.

Exploratory and developmental drilling is scheduled during future periods on our undeveloped properties. We also plan further leasehold acquisitions in the future. We will need additional financing to continue our operations and our planned development activities. If additional financing is not available, we will be compelled to reduce the scope of our business activities. If we are unable to fund our operating cash flow needs and planned capital investments, it may be necessary to farm-out our interest in proposed wells, sell a portion of our interest in prospects, sell a portion of our interest in our producing oil and gas properties, sell all or a portion of our gas plant, reduce general and administrative expenses, or a combination of all of these factors. Further, we have maturing debt obligations, debt service and lease obligations that will require cash payments.

GeoPetro's ability to meet its contractual obligations and remit payment under its arrangements with its vendors depends on its ability to generate additional financing. GeoPetro's management continues to renegotiate the terms of its existing borrowing arrangements and raise additional capital through debt and equity issuances. These conditions raise doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

As a result of the Company's liquidity issues, it may be required to sell certain assets, including reserves, and/or raise capital with terms that may not be as favorable as might otherwise be available.

In April 2012, the Company's wholly-owned subsidiary, Redwood Energy Production, L.P., elected to temporarily shut-in its natural gas production at the Madisonville Field, Madison County, Texas in light of depressed natural gas prices. In March 2014, the Company commenced reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production. As of September 30, 2014, reworking operations are continuing.

On May 14, 2014, the Merger Agreement between the Company, MCW Energy Group Limited ("MCW") and MCW CA SUB was terminated by mutual written consent. A material consideration for GeoPetro to pursue the merger was the Parent Financing of $20,000,000 which was to be completed prior to closing but which MCW was not able to complete.

As of September 30, 2014, Stuart J. Doshi, President and CEO, has advanced to the Company loans totaling $851,000. The notes bear interest at 10% per annum and are payable on demand. As of September 30, 2014, a Company Director has advanced to the Company a loan in the amount of $50,000. The note bears interest at 10% per annum.

3. LOSS PER COMMON SHARE

Basic net loss per common share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares of common stock outstanding during the period.

Diluted net loss per common share is computed in the same manner, but also considers the effect of common stock shares underlying the following:

	As of September 30,	
	2014	**2013**
Stock options	895,000	1,055,000
Warrants	4,379,740	6,822,165
Convertible promissory notes	200,000	-
Convertible preferred stock, Series B	5,185,027	5,370,027

All of the common shares underlying the stock options, warrants, convertible promissory notes and convertible Series B preferred stock above were excluded from diluted weighted average shares outstanding for the three and nine months ended September 30, 2014 and 2013 respectively because their effects were considered antidilutive.

4. OIL AND GAS PROPERTIES

There were no material changes to oil and gas properties from those disclosed in the audited annual consolidated financial statements for the year ended December 31, 2013 other than those discussed below.

The Company has proved undeveloped reserves included in the carrying value of its proved properties. The Company believes that capital will be raised to further develop these reserves, however, if such capital is not raised, the Company may be required to impair the Proved property asset in the future.

In April 2012, the Company's wholly-owned subsidiary, Redwood Energy Production, L.P., elected to temporarily shut-in its natural gas production at the Madisonville Field, Madison County, Texas in light of depressed natural gas prices. In March 2014, the Company commenced reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production. As of September 30, 2014, reworking operations are continuing.

5. DEBT

As of September 30, 2014 and December 31, 2013 debt consisted of the following:

	September 30, 2014	**December 31, 2013**
Current		
Related party notes	$901,000	$901,000
Promissory notes	2,855,000	2,920,000
Less discount on promissory notes	(6,835)	(12,235)
Net current notes payable	3,749,165	3,808,765
Long Term		
Promissory notes (a)	130,000	85,000
Less discount on promissory notes	(5,160)	(5,118)
Net long term notes payable	124,840	79,882
Total	$3,874,005	$3,888,647

(a) During the period of August through September 2014, the Company issued convertible promissory notes totaling $55,000 with maturity dates of October 2015. The notes bear an annual rate of five percent (5%), with such interest payable at maturity. Upon certain events prior to maturity, the outstanding principal plus accrued but unpaid interest shall automatically convert into common stock of GeoPetro at a conversion price of $0.05 per share. In conjunction with the loans, the Company incurred loan fees of $5,500.

6. INCOME TAXES

Income tax expense for the three and nine month periods ending September 30, 2014 and 2013 consists of minimum state taxes.

The effective income tax rates for the three and nine month periods ending September 30, 2014 and 2013 were negligible, primarily due to the Company's loss position and the deferred tax asset being 100% reserved.

7. STOCKHOLDERS' EQUITY

During the period of January through September 2014, we completed common stock sales through private placement transactions to certain accredited investors. Shares were priced at $0.05 per share. The total aggregate purchase price for the shares sold was $1,600,000, and represented the sale of 32,000,000 common shares. In conjunction with the transactions, the Company incurred issuance costs of $125,000 and 800,000 common shares valued at $40,000. We agreed to grant "piggyback" registration rights to the investors with respect to the shares of common stock.

In August 2014, we agreed to issue 60,000 shares of common stock to our independent directors. The shares were valued at the closing price of $0.03 per share and have been recorded as share-based compensation in the financial statements. The aggregate value of the shares issued was $1,800. We agreed to grant "piggyback" registration rights to the directors with respect to the shares of common stock.

8. COMMON STOCK OPTIONS

In June 2014, 60,000 common stock options with an exercise price of $1.00 per share expired.

As of September 30, 2014 the Company has 895,000 common stock options outstanding with a weighted average exercise price of $0.24 per share.

For the nine month period ended September 30, 2014 the Company recorded share-based compensation of $22,637 for stock option expense.

9. COMMON STOCK WARRANTS

During the period of January through April 2014, warrants for 655,965 shares with an exercise price of $1.00 per share expired.

In March 2014, warrants for 1,025,164 shares with an exercise price of $0.75 per share expired.

In March 2014, warrants for 100,000 shares with an exercise price of $5.25 per share expired.

During the period of May through August 2014, warrants for 76,500 shares with an exercise price of $0.50 per share expired.

As of September 30, 2014 we have reserved 4,379,740 shares of common stock for the exercise of our stock purchase warrants.

10. SUBSEQUENT EVENTS

We have evaluated all activity of the Company and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements, except as disclosed below.

During the period of October through November 2014, the Company issued convertible promissory notes totaling $45,000 with maturity dates of October 2015. The notes bear an annual interest rate of five percent (5%).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with accompanying financial statements and related notes included elsewhere in this report. It contains forward looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward looking statements.

Factors that could cause or contribute to such differences include, but are not limited to, market prices for natural gas and oil, economic and competitive conditions, regulatory changes, estimates of proved reserves, geological, geophysical, and engineering risks and uncertainties, potential failure to achieve production from development drilling projects, capital expenditures and other uncertainties, as well as those factors discussed below and elsewhere in this report, particularly in "Risk Factors", all of which are difficult to predict and which expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf. In light of these risks, uncertainties and assumptions, the forward looking events discussed may not occur. We do not have any intention or obligation to update forward-looking statements included in this report after the date of this report, except as required by law.

Business Overview

We are an oil and gas company in the business of exploring and developing oil and natural gas reserves on a worldwide basis. Since inception, we have conducted leasehold acquisition, exploration and drilling activities on our North American and international prospects. These projects consist of mineral leases and exploration permits that give us the right to explore for, develop and produce oil and natural gas. Some of these properties are in the exploration, appraisal or development drilling phase and have not begun to produce revenue from the sale of oil and natural gas.

Our objective is to increase shareholder value by profitably growing our reserves, production, revenue, and cash flow by focusing primarily on our projects in Texas, California and certain new venture opportunities.

Since 2003, substantially all of our revenue has been generated from natural gas sales derived from the Madisonville Field in East Texas under spot gas purchase contracts at market prices. Natural gas sales from the Madisonville Field are expected to account for all of our revenues for 2014, if any. We expect the majority of our capital expenditures for the remainder of 2014 and for 2015 will be for the Madisonville Project and will approximate $6.2 million. These capital expenditures will only be incurred if additional financing is available. The Company is actively working to obtain additional debt and/or equity financing.

As a result of the Company's liquidity issues, it may be required to sell certain assets, including reserves, and/or raise capital with terms that may not be as favorable as might otherwise be available.

In April 2012, the Company's wholly-owned subsidiary, Redwood Energy Production, L.P., elected to temporarily shut-in its natural gas production at the Madisonville Field, Madison County, Texas in light of depressed natural gas prices. In March 2014, the Company commenced reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production. As of September 30, 2014, reworking operations are continuing.

On May 14, 2014, the Merger Agreement between the Company, MCW Energy Group Limited ("MCW") and MCW CA SUB was terminated by mutual written consent. A material consideration for GeoPetro to pursue the merger was the Parent Financing of $20,000,000 which was to be completed prior to closing but which MCW was not able to complete.

Results of Operations

The financial information with respect to the three and nine months ended September 30, 2014 and 2013 as discussed below is unaudited. In the opinion of management, such information contains all adjustments (consisting primarily of normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for interim periods are not necessarily indicative of the results of operations for the full fiscal years.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2014 (unaudited)	**2013 (unaudited)**	**2014 (unaudited)**	**2013 (unaudited)**
Consolidated Statement of Operations:				
Revenues	$-	$ -	$-	$-
Plant operations	31,007	106,459	105,161	266,922
Lease operations	24,951	32,061	153,700	126,333
General and administrative	308,183	346,349	980,049	1,456,442
Depreciation and depletion	1,236	2,699	4,635	8,641
Loss from operations	(365,377)	(487,568)	(1,243,545)	(1,858,338)
Net loss	(451,053)	(577,079)	(1,485,550)	(2,112,103)
Net loss applicable to common shareholders	$(531,049)	$ (658,292)	$(1,725,323)	$(2,353,336)

Revenue and Operating Trends

For the three and nine months ended September 30, 2014, we did not generate any revenues to cover the plant operating expenses and lease operating expenses in our Madisonville Project. The Madisonville Field had been temporarily shut-in since April 2012 due to low natural gas prices. In March 2014, the Company commenced reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production. As of September 30, 2014, reworking operations are continuing.

Subject to capital availability, we plan to workover the Mitchell #1 well and to frac and connect via gathering line the Wilson #1 well during the remainder of 2014 and 2015. Once the above production enhancements are completed, the Company expects the combined Rodessa formation production to increase from recent production levels. The Company also has plans to expand the natural gas treatment plant capability from the current design capacity of 18 MMcf/d to 30 MMcf/d.

While there can be no assurance, our goal is to complete the expansion to the plant and increase the production rates from our wells which may result in higher net production and increased revenue in 2015 as compared to 2013 and prior periods. To accomplish the plant expansion we will need to raise additional capital in 2014 and 2015. Due to our liquidity concerns, funds may not be available, or may not be available on favorable terms. If we are unable to raise the necessary capital, we may have to delay our plans for expansion or reduce the scope of our operations.

Industry Overview for the three and nine months ended September 30, 2014

Fluctuations in the price for natural gas are closely associated with customer demand relative to the volumes produced and the level of inventory in underground storage. Increased production from shale gas will continue to impact natural gas pricing for the foreseeable future.

Company Overview for the three and nine months ended September 30, 2014

Our net loss applicable to common shareholders for the three and nine months ended September 30, 2014 was $531,049 and $1,725,323, respectively. The Company did not generate any revenue for the three and nine months ended September 30, 2014. The Madisonville Field had been temporarily shut-in since April 2012 due to low natural gas prices. In March 2014, the Company commenced reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production. As of September 30, 2014, reworking operations are continuing.

Comparison of Results of Operations for the three months ended September 30, 2014 and 2013

We had no gross natural gas revenues for the three months ended September 30, 2014 and 2013. This was due to the temporary shut-in of the Madisonville Field as a result of low natural gas prices in 2013 and the reworking operations in 2014.

Plant operating expenses for the three months ended September 30, 2014 were $31,007 as compared to $106,459 for the three months ended September 30, 2013. The decrease in plant operating expenses of $75,452 or 71% was primarily attributable to a decrease in ad valorem taxes. When operations resume at the plant, expenses will increase from current levels.

Lease operating expenses for the three months ended September 30, 2014 were $24,951. Lease operating expenses for the three months ended September 30, 2013 were $32,061. The decrease in total lifting cost of $7,110 or 22% was primarily attributable to a decrease in ad valorem taxes.

General and administrative expenses ("G&A") for the three months ended September 30, 2014 were $308,183 as compared to $346,349 for the three months ended September 30, 2013. The decrease in G&A of $38,166 or 11% was primarily attributable to a decrease in professional fees.

Depreciation, depletion and amortization expense ("DD&A") for the three months ended September 30, 2014 was $1,236 as compared to $2,699 for the three months ended September 30, 2013. The 54% decrease was primarily attributable to reduced depreciation as a result of certain assets fully depreciating.

The loss from operations for the three months ended September 30, 2014 was $365,377 as compared to $487,568 for the three months ended September 30, 2013. The decrease in the loss from operations was primarily attributable to the decrease in ad valorem taxes and professional fees.

Interest expense for the three months ended September 30, 2014 was $85,686 as compared to $89,512 for the three months ended September 30, 2013.

Comparison of Results of Operations for the nine months ended September 30, 2014 and 2013

We had no gross natural gas revenues for the nine months ended September 30, 2014 and 2013. This was due to the temporary shut-in of the Madisonville Field as a result of low natural gas prices in 2013 and the reworking operations in 2014.

Plant operating expenses for the nine months ended September 30, 2014 were $105,161 as compared to $266,922 for the nine months ended September 30, 2013. The decrease in plant operating expenses of $161,761 or 61% was primarily attributable to lower salary expense due to a reduction of 1 employee and a decrease in ad valorem taxes. When operations resume at the plant, expenses will increase from current levels.

Lease operating expenses for the nine months ended September 30, 2014 were $153,700. Lease operating expenses for the nine months ended September 30, 2013 were $126,333. The increase in total lifting cost of $27,367 or 22% was primarily attributable to the commencement of reworking operations on the Magness #1 and Fannin #1 wells in the Madisonville Field in anticipation of restoring production.

General and administrative expenses ("G&A") for the nine months ended September 30, 2014 were $980,049 as compared to $1,456,442 for the nine months ended September 30, 2013. The decrease in G&A of $476,393 or 33% was primarily attributable to legal costs associated with the MCW merger incurred in 2013 and a decrease in share-based compensation due to expiring options.

Depreciation, depletion and amortization expense ("DD&A") for the nine months ended September 30, 2014 was $4,635 as compared to $8,641 for the nine months ended September 30, 2013. The 46% decrease was primarily attributable to reduced depreciation as a result of certain assets fully depreciating.

The loss from operations was $1,243,545 for the nine months ended September 30, 2014 as compared to $1,858,338 for the nine months ended September 30, 2013. The decrease in the loss from operations was primarily attributable to legal costs associated with the MCW merger incurred in 2013 and a decrease in share-based compensation due to expiring options.

Interest expense for the nine months ended September 30, 2014 was $257,914 as compared to $257,754 for the nine months ended September 30, 2013.

Recent Developments

During the period of January through September 2014, we completed common stock sales through private placement transactions to certain accredited investors. Shares were priced at $0.05 per share. The total aggregate purchase price for the shares sold was $1,600,000, and represented the sale of 32,000,000 common shares. In conjunction with the transactions, the Company incurred issuance costs of $125,000 and 800,000 common shares. We agreed to grant "piggyback" registration rights to the investors with respect to the shares of common stock.

On May 14, 2014, the Merger Agreement between the Company, MCW Energy Group Limited ("MCW") and MCW CA SUB was terminated by mutual written consent. A material consideration for GeoPetro to pursue the merger was the Parent Financing of $20,000,000 which was to be completed prior to closing but which MCW was not able to complete.

In August 2014, we agreed to issue 60,000 shares of common stock to our independent directors. The shares were valued at the closing price of $0.03 per share and have been recorded as share-based compensation in the financial statements. The aggregate value of the shares issued was $1,800. We agreed to grant "piggyback" registration rights to the directors with respect to the shares of common stock.

During the period of August through September 2014, the Company issued convertible promissory notes totaling $55,000 with maturity dates of October 2015. The notes bear an annual rate of five percent (5%), with such interest payable at maturity. Upon certain events prior to maturity, the outstanding principal plus accrued but unpaid interest shall automatically convert into common stock of GeoPetro at a conversion price of $0.05 per share. In conjunction with the loans, the Company incurred loan fees of $5,500.

During the period of October through November 2014, the Company issued convertible promissory notes totaling $45,000 with maturity dates of October 2015. The notes bear an annual interest rate of five percent (5%).

Liquidity and Capital Resources

We had a working capital deficit of $8,290,305 at September 30, 2014 versus $8,034,168 at December 31, 2013. Our working capital deficit increased during the nine months ended September 30, 2014 due primarily to the increase in interest and dividends payable.

Our cash balance at September 30, 2014 was $7,127 as compared to $10,857 at December 31, 2013. The change in our cash balance is summarized as follows:

Cash balance at December 31, 2013	$10,857
Sources of cash:	
Cash provided by financing activities	1,449,500
Total sources of cash including cash on hand	1,460,357
Uses of cash:	
Cash used in operating activities	(1,429,614)
Cash used in investing activities	(23,616)
Total uses of cash	(1,453,230)
Cash balance at September 30, 2014	$7,127

Net cash used in operating activities of $1,429,614 and $909,855 for the nine months ended September 30, 2014 and 2013 respectively are attributable to our net loss adjusted for non-cash charges as presented in the consolidated statements of cash flows and changes in working capital as discussed above.

We have historically financed our business activities principally through issuances of common shares, issuances of preferred shares, issuances of promissory notes and the exercise of common share purchase warrants and options. These financings are summarized as follows:

	Nine Months Ended September 30,	
	2014	**2013**
Proceeds from issuance of common shares and warrants	$1,600,000	$675,500
Payment of issuance costs	(125,000)	-
Proceeds from promissory notes	55,000	105,000
Repayment of promissory notes	(75,000)	-
Payment of loan fees	(5,500)	-
Proceeds from related party notes	-	312,000
Net cash provided by financing activities	$1,449,500	$1,092,500

The net proceeds of our equity and note financings have been primarily used to satisfy working capital requirements and to invest in oil and natural gas properties. These investments totaled $34,616 and $203,122 for the nine months ended September 30, 2014 and 2013, respectively.

Our current cash and cash equivalents and anticipated cash flow from operations will not be sufficient to meet our working capital and capital expenditure requirements for the foreseeable future. Additional financing is required to carry out our business plan. See "Outlook for 2014/2015 Capital" for a description of our expected capital expenditures for the remainder of 2014 and for 2015. If we are unable to generate revenues necessary to finance our operations over the long-term, we may have to seek additional capital through the sale of our equity or borrowing. We periodically borrow funds through the issuance of short and long term promissory notes to finance our activities.

Exploratory and developmental drilling is scheduled during future periods on our undeveloped properties. We also plan further leasehold acquisitions in the future. We will need additional financing to continue our operations and our planned development activities. If additional financing is not available, we will be compelled to reduce the scope of our business activities. If we are unable to fund our operating cash flow needs and planned capital investments, it may be necessary to farm-out our interest in proposed wells, sell a portion of our interest in prospects, sell a portion of our interest in our producing oil and gas properties, sell all or a portion of our gas plant, reduce general and administrative expenses, or a combination of all of these factors. Further, we have maturing debt obligations, debt service and lease obligations that will require cash payments.

As discussed in the "Outlook for 2014/2015 Capital", we are forecasting capital expenditures of $6.4 million during the remainder of 2014 and 2015. We will need to obtain adequate sources of cash to fund these anticipated capital expenditures, to fund ongoing operations and to follow through with our plans for continued investments in oil and gas properties. Our success, in part, depends on our ability to generate additional financing and/or farmout certain of our projects.

GeoPetro's ability to meet its contractual obligations and remit payment under its arrangements with its vendors depends on its ability to generate additional financing. GeoPetro's management continues to renegotiate the terms of its existing borrowing arrangements and raise additional capital through debt and equity issuances. These conditions raise doubt about the Company's ability to continue as a going concern.

As a result of the Company's liquidity issues, it may be required to sell certain assets, including reserves, and/or raise capital with terms that may not be as favorable as might otherwise be available.

Contractual Obligations

We have assumed various contractual obligations and commitments in the normal course of our operations and financing activities. We have described these obligations and commitments in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report on Form 10-K for the year ended December 31, 2013. There were no material changes to our contractual obligations since December 31, 2013 except items described in "Recent Developments".

Off Balance Sheet Arrangements

None.

Financial Instruments

We currently have no financial derivatives, natural gas price financial instruments or hedges in place. Our natural gas marketing contracts use "spot" market prices. Given the uncertainty of the timing and volumes of our natural gas production this year, we do not currently plan to enter into any long term fixed-price natural gas contracts, swap or hedge positions, other gas financial instruments or financial derivatives in 2014.

Outlook for 2014/2015 Capital

Depending on capital availability, we are forecasting capital spending of up to approximately $6,350,000 during the remainder of 2014 and 2015, allocated as follows:

1. Madisonville Project, Madison County, Texas - Approximately $6,150,000 may be expended in the Madisonville Field area as follows: $650,000 for the Mitchell well workover, $1,500,000 towards the fracture stimulation and hook up costs of the Wilson well and $4,000,000 for the expansion of the gas treatment plant.
2. California - Approximately $200,000 to be utilized for land and permitting costs.

We may, in our discretion, decide to allocate resources towards other projects in addition to or in lieu of those listed above should other opportunities arise and as circumstances warrant. We currently do not have sufficient working capital to fund all of the capital expenditures listed above. We may, in our discretion, fund the foregoing planned expenditures from operating cash flows, asset sales, potential debt and equity issuances and/or a combination of all four. The Madisonville Project forecasted capital expenditures will play an important part in the Company achieving its 2014 and 2015 cash flow projections. See "Liquidity and Capital Resources."

We expect commodity prices to be volatile, reflecting the current supply and demand fundamentals for North American natural gas and world crude oil. Political and economic events around the world, which are difficult to predict, will continue to influence both oil and gas prices. Significant price changes for oil and gas often lead to changes in the levels of drilling activity which in turn lead to changes in costs to explore, develop and acquire oil and gas reserves. Significant change in costs could affect the returns on our capital expenditures.

Impact of Inflation & Changing Prices

We are highly dependent upon natural gas pricing. A material decrease in current and projected natural gas prices could impair our ability to raise additional capital on acceptable terms. Likewise, a material decrease in current and projected natural gas prices could also impact our revenues and cash flows. This could impact our ability to fund future activities.

Changing prices have had a significant impact on costs of drilling and completing wells, particularly in the Madisonville Field area where we are currently the most active. These higher costs have impacted and will continue to impact our income from operations in the form of higher depletion expense.

Critical Accounting Estimates

Our consolidated financial statements have been prepared by management in accordance with U.S. GAAP. We refer you to the corresponding section in Part II, Item 7 and the notes to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2013 for the description of critical accounting policies and estimates.

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, Presentation of Going Concern. This standard requires management to evaluate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern and whether or not it is probable that the entity will be unable to meet its obligations as they become due within one year after the date the financial statements are issued. The new standard will apply to all entities and will be effective for us in the fiscal year 2017, with early adoption permitted. We are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

Risks and Uncertainties

There are a number of risks that face participants in the oil and natural gas industry, including a number of risks that face us in particular. Accordingly, there are risks involved in an ownership of our securities. See "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 for a description of the principal risks faced by us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks arising from fluctuating prices of natural gas and interest rates as discussed below.

Commodity Risk. Our major commodity price risk exposure is to the prices received for our natural gas production. Realized commodity prices received for our production are the spot prices applicable to natural gas in the East Texas region. Prices received for natural gas are volatile and unpredictable and are beyond our control.

Currency Translation Risk. Because our revenues and expenses are primarily in U.S. dollars, we have little exposure to currency translation risk, and, therefore, we have no plans in the foreseeable future to implement hedges or financial instruments to manage international currency changes.

Interest Rate Risk. Interest rates on future debt offerings could be higher than current levels, causing our financing costs to increase accordingly. Currently, all of our loan agreements have fixed interest rates. We do not currently utilize hedging contracts to protect against interest rate risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President, Chief Executive Officer and Chairman and our Vice President of Finance, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2014. Based on this evaluation, we have concluded that, as of September 30, 2014, our disclosure controls and procedures were effective, in that they ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our President and Chief Executive Officer and our Vice President of Finance, as appropriate to allow timely decisions regarding required disclosure.

During the most recent fiscal quarter, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are party to litigation or other legal and administrative proceedings that we consider to be a part of the ordinary course of our business. Currently, we are not involved in any legal proceedings nor are we party to any pending or threatened claims that could, individually or in the aggregate, reasonably be expected to have a material adverse effect on our financial condition, cash flow or results of operations.

Item 1A. Risk Factors

As of the date of this filing, there have been no material changes from the risk factors previously disclosed in our "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, referred to as our 2013 Annual Report. An investment in our securities involves various risks. When considering an investment in our company, you should consider carefully all of the risk factors described in our 2013 Annual Report. These risks and uncertainties are not the only ones facing us and there may be additional matters that we are unaware of or that we currently consider immaterial.

Item 2. Unregistered Sales of Securities and Use of Proceeds

Unregistered Sales of Securities

During the period of January through September 2014, we completed common stock sales through private placement transactions to certain accredited investors. Shares were priced at $0.05 per share. The total aggregate purchase price for the shares sold was $1,600,000, and represented the sale of 32,000,000 common shares. In conjunction with the transactions, the Company incurred issuance costs of $125,000 and 800,000 common shares. We agreed to grant "piggyback" registration rights to the investors with respect to the shares of common stock.

In August 2014, we agreed to issue 60,000 shares of common stock to our independent directors. The shares were valued at the closing price of $0.03 per share. The aggregate value of the shares issued was $1,800. We agreed to grant "piggyback" registration rights to the directors with respect to the shares of common stock.

GeoPetro issued the aforementioned common shares in reliance on the exemption from registration provided for under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 of Regulation D thereunder. GeoPetro relied on the exemption from registration provided for under Section 4(2) of the Securities Act based in part on the representations made by the purchasers, including the representations with respect to each purchaser's status as an accredited investor, as such term is defined in Rule 501(a) of the Securities Act, and each purchaser's investment intent with respect to the securities purchased. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with these transactions, and we provided the investors with disclosure of all material aspects of our business, including providing the investors, via the Company website, with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information. We believed that the accredited investors obtained all information regarding the Company that they requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

Use of Proceeds

Any proceeds realized are expected to be used for general working capital purposes and the Texas and California properties. Any changes in the projected use of proceeds will be made at the sole discretion of our board of directors.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	
31.1 (1)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2 (1)	Rule 13a-14(a)/15d-14(a) Certification of Vice President of Finance.
32.1 (1)	Certification of Chief Executive Officer and Vice President of Finance of GeoPetro Resources Company pursuant to 18 U.S.C. § 1350.
101 (1)	The following materials from the GeoPetro Resources Company Form 10-Q for the quarter ended September 30, 2014 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes, tagged as blocks of text.

(1) Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on November 14, 2014.

GEOPETRO RESOURCES COMPANY

By: /s/ Stuart J. Doshi
Stuart J. Doshi
President, Chief Executive Officer and

Chairman of the Board

By: /s/ Dale W. Dvoracek
Dale W. Dvoracek
Vice President of Finance

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