

TRANS ENERGY INC
Form 10-K/A
October 21, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

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

For the Fiscal Year Ended December 31, 2015

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 0-23530

TRANS ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada **93-0997412**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
210 Second Street, P.O. Box 393, St. Marys, West Virginia 26170
(Address of principal executive offices)

Registrant's telephone number, including area code: (304) 684-7053

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 past 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

Edgar Filing: TRANS ENERGY INC - Form 10-K/A

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2015) was \$5,945,700 (based on a price of \$1.75 per share).

The number of shares outstanding of each of the issuer's classes of common stock, as of July 8, 2016, was 15,549,454 shares

Documents incorporated by reference: None

Table of Contents

EXPLANATORY NOTE

We are filing this amendment (this Amendment) to our annual report on Form 10-K for the year ended December 31, 2015, filed on July 8, 2016 (the Form 10-K), to restate the consideration payable to our named executive officers in the event of a change in control under their change in control agreements. The only changes are the following:

The consideration payable to each of Mr. Corp and Mr. Lucado upon a change of control includes, in addition to a cash payment equal to twice the annual salary previously disclosed, 85,000 shares of common stock.

Revisions

Exhibits 31.1 are 31.2- revised to reflect the current date.

No attempt has been made in this Amendment to modify or update the other disclosures presented in the Form 10-K. This Amendment does not reflect events occurring after the filing of the Form 10-K or modify or update those disclosures. Accordingly, this Amendment should be read in conjunction with the Form 10-K and our other filings with the SEC.

Table of Contents

TRANS ENERGY, INC.

Table of Contents

		Page
	Part III	
Item 11	<u>Executive Compensation</u>	1
	Part IV	
Item 15	<u>Exhibits and Financial Statement Schedules</u>	4
	<u>Signatures</u>	5

Table of Contents**Item 11 Executive Compensation****EXECUTIVE COMPENSATION**

The following table sets forth information concerning the compensation earned by our principal executive officer and principal financial officer during 2015 and 2014:

Name and Principal Position	Year	Salary or Fees Paid in		Stock Awards (1)	Option Awards (2)	All Other Compensation	Total Compensation
		Cash	Bonus				
John G. Corp (3) (4)	2015	\$ 197,886	\$	\$ 210,000	\$ 10,570	\$ 15,115	\$ 433,571
<i>President</i>	2014	\$ 204,261	\$ 20,000	\$	\$ 184,289	\$ 15,370	\$ 423,920
Stephen P. Lucado (5)	2015	\$ 227,431	\$	\$ 210,000	\$ 10,570	\$ 14,932	\$ 462,933
<i>Treasurer</i>	2014	\$ 372,337	\$	\$	\$ 194,951	\$ 48,983	\$ 616,271

- (1) The amount shown in the table represents the grant date fair value of the restricted stock granted in 2015, computed in accordance with FASB ASC Topic 718. Information regarding assumptions made in valuing the stock awards can be found in Note 13, Stockholders' Equity, to the consolidated financial statements included herein.
- (2) The amount shown in the table represents the grant date fair value of the stock options granted in 2015 and 2014, computed in accordance with FASB ASC Topic 718. The fair value of the stock options awarded was determined using the Black-Scholes option pricing model. Information regarding assumptions made in valuing the option grants under this model can be found in Note 13, Stockholders' Equity, to the consolidated financial statements included herein.
- (3) All other compensation relates to the matching 401k contribution by the Company.
- (4) All other compensation includes a housing reimbursement.
- (5) All other compensation relates to reimbursed business expenses.

No other executive officers received cash compensation greater than \$100,000 in any of the past two fiscal years.

We currently have a long-term incentive and bonus program for the benefit of employees and officers of the Company. The program is primarily focused on senior officers, but certain elements of the plan are made available to key managers and to any employee in certain circumstances. In addition, management has established a 401(K) plan for employees and officers of the Company.

Change in Control Termination Agreement

Mr. Corp has a change in control termination agreement. A change of control is defined in the change in control termination agreement to mean when more than 50% of the Company's common shares are sold to a new owner or a group forming a block for the purpose of such investment in ownership.

The Change in Control Termination Agreement provides a severance payment equal to twice the annual salary plus 85,000 shares of common stock in the event one of the following occurs subsequent to a change in control of the Company, (1) the new ownership of the Company terminates Mr. Corp's employment or demotes him in level of

responsibility or moves his place of employment (office) more than 30 miles from St. Marys WV during the 12 month period beginning immediately upon the change in control, such termination or demotion not being the result of good cause , or (2) Mr. Corp voluntarily ends his employment during the 30-day period immediately following the 12-month period described in (1).

Mr. Lucado also has a change in control termination agreement with terms substantially similar to those in Mr. Corp s agreement.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End for 2015**

The following table sets forth information about outstanding equity awards held by our Named Executive Officer as of December 31, 2015:

Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Options Exercise Price	Options Expiration Date	Market Value	
						Restricted Stock That Have Not Vested	Number of Shares of Restricted Stock That Have Not Vested (1)
John G. Corp (2)	5/26/2011	60,000		\$ 2.68	6/30/2016		\$
	4/26/2012	300,000		\$ 2.30	6/30/2017		
	2/13/2013	83,334	16,666	\$ 2.50	6/30/2018		
	12/17/2015	4,167	45,833	\$ 0.60	12/17/2020		
Stephen P. Lucado (3)	5/26/2011	60,000		\$ 2.68	6/30/2016		
	4/26/2012	300,000		\$ 2.30	6/30/2017		
	5/02/2013	83,334	16,666	\$ 3.00	6/30/2018		
	12/17/2015	4,167	45,833	\$ 0.60	12/17/2020		

(1) The closing price of our common stock on December 31, 2015 was \$0.40.

(2) The 45,833 unvested stock options granted to Mr. Corp on December 17, 2015, will vest 46% on each of June 30, 2016 and December 31, 2016.

(3) The 45,833 unvested stock options granted to Mr. Lucado on December 17, 2015, will vest 46% on each of June 30, 2016 and December 31, 2016.

Set forth below is the amount paid to each non-executive director of the Company during the year ended December 31, 2015.

Table of Contents**DIRECTOR COMPENSATION**

Name	Fees earned or paid in cash	Stock awards (1)	Option awards (2)	Non-equity incentive plan compensation	Nonqualified deferred compensation	All other compensation	Total
Loren E. Bagley	7,500						7,500
William F. Woodburn	15,000						15,000
Robert L. Richards (3)	17,700					810	18,510
Richard L. Starkey	7,500						7,500
Josh L. Sherman	15,000						15,000

- (1) The amount shown in the table represents the grant date fair value of the restricted stock granted in 2014, computed in accordance with FASB ASC Topic 718. At December 31, 2015, Mr. Sherman held 0 of restricted common shares subject to vesting.
- (2) The Amount shown in the table represents the grant date fair value of the stock options granted in 2014 and 2013, computed in accordance with FASB ASC Topic 718. The fair value of the stock options awarded was determined using the Black-Scholes option pricing model. Information regarding assumptions made in valuing the option grants under this model can be found in Note 13, Stockholders' Equity, to the consolidated financial statements for the year ended December 31, 2015 included in the Form 10-K. At December 31, 2015, Messrs. Richards, Starkey, Sherman, Woodburn, and Bagley held 6,000, 6,000, 12,000, 6,000, and 6,000 common stock options, respectively, subject to vesting.
- (3) Fees Earned or Paid in Cash to Mr. Richards includes reimbursed business expenses in the amount of and \$810, respectively.

Table of Contents**PART IV****Item 15 Exhibits and Financial Statement Schedules**

Exhibit	
No.	Exhibit Name
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed on May 23, 2014).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed on May 23, 2014).
10.1	Consent and Agreement dated April 27, 2015, to Credit Agreement dated May 21, 2014, by and among American Shale, several lenders, and Morgan Stanley Capital Group Inc. as the administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed on July 8, 2016).
10.2	First Amendment and Waiver, dated July 31, 2015, to Credit Agreement dated May 21, 2014, by and among American Shale, several lenders, and Morgan Stanley Capital Group Inc. as the administrative agent (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed on July 8, 2016).
21	Subsidiaries (incorporated by reference to Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed on July 8, 2016)
**31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
**31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principle Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Independent Engineer Resource Report by Wright and Company, Inc. for the year ended December 31, 2015 (incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed on July 8, 2016).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

** Filed herewith.

Table of Contents

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.

TRANS ENERGY, INC.

By /s/ John G. Corp
John G. Corp,
President and Principal Executive Officer
Dated: October 21, 2016