

Storm Cat Energy CORP
Form S-1/A
April 30, 2007

As filed with the Securities and Exchange Commission on April 30, 2007

Registration No. 333-141002

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Pre-Effective Amendment No. 3
to**

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

STORM CAT ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction of
incorporation or organization)

1311
(Primary Standard Industrial
Classification Code Number)

06-1762942
(I.R.S. Employer
Identification Number)

**1125 17th Street, Suite 2310
Denver, Colorado 80202
(303) 991-5070**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Paul Wiesner
Chief Financial Officer
1125 17th Street, Suite 2310
Denver, Colorado 80202
(303) 991-5070**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Richard J. Mattera, Esq.

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1200 Seventeenth Street, Suite 1500

Denver, Colorado 80202

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(303) 899-7300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Shares, without par value per share, issuable upon conversion of Series A Subordinated Convertible Notes Due March 31, 2012	15,841,880	\$0.74(2)	\$11,722,991(2)	\$360
Common Shares, without par value per share, issuable upon conversion of Series B Subordinated Convertible Notes Due March 31, 2012	27,059,829	\$1.14(3)	\$30,848,205(3)	\$948

- (1) Pursuant to Rule 416 under the Securities Act, such number of common shares registered hereby shall also include an indeterminate number of additional common shares that may be issued from time to time as a result of share splits, share dividends or similar transactions.
- (2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) and Rule 457(g) under the Securities Act of 1933, as amended, and based upon the average of the high and low sales prices reported for the common shares on the American Stock Exchange on February 28, 2007.
- (3) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) and Rule 457(g) under the Securities Act of 1933, as amended, and based upon the average of the high and low sales prices reported for the common shares on the American Stock Exchange on April 26, 2007.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, dated April 30, 2007

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS

42,901,709 Shares

Common Shares

The selling shareholders are offering **42,901,709** common shares. Of these 42,901,709 common shares, 15,841,880 common shares may be acquired, at the option of the selling shareholders, at a price of \$1.17 per share upon the conversion of the Series A Subordinated Convertible Notes due March 31, 2012, as such price may be adjusted in accordance with the terms of the Series A Subordinated Convertible Notes due March 31, 2012 and 27,059,829 common shares may be acquired, at the option of the selling shareholders, at a price of \$1.17 per share upon the conversion of the Series B Subordinated Convertible Notes due March 31, 2012, as such price may be adjusted in accordance with the terms of the Series B Subordinated Convertible Notes, due March 31, 2012. We may force the conversion of the Series A Subordinated Convertible Notes at any time after July 30, 2008, if our common shares trade above \$2.05 per share, as may be adjusted, for 20 days within a period of 30 consecutive trading days. We may force the conversion of the Series B Subordinated Convertible Notes at any time after September 30, 2008, if our common shares trade above \$2.05 per share, as may be adjusted, for 20 days within a period of 30 consecutive trading days. The Series A Subordinated Convertible Notes and the Series B Subordinated Convertible Notes were acquired by the selling shareholders in private placement transactions. All of these common shares are being sold by the selling shareholders named in this prospectus, or its transferees, pledgees, donees or successors-in-interest. The selling shareholders will receive all proceeds from the sale of the common shares being offered in this prospectus.

The selling shareholders may sell these common shares being offered by them on the American Stock Exchange, in market transactions, in negotiated transactions or otherwise, and at prices and at terms that will be determined by the then prevailing market price for the common shares or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution" on page 26.

Our common shares trade on the American Stock Exchange under the symbol SCU. On April 27, 2007, the closing price of our common shares on the American Stock Exchange was \$1.11. Our common shares also trade on the Toronto Stock Exchange under the symbol SME. On April 27, 2007, the closing price of our common shares on the Toronto Stock Exchange was CDN\$1.23.

Investing in our common shares involves risks. See Risk Factors beginning on page 6.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2007.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before investing in our common shares. You should read the entire prospectus carefully. You should read Risk Factors beginning on page 6 for more information about important risks that you should consider before investing in our common shares.

As used in this prospectus, unless the context otherwise requires, the terms Storm Cat, we, our and us refer to Storm Cat Energy Corporation and its consolidated subsidiaries. You should assume that all figures are stated in U.S. dollars unless indicated otherwise.

Storm Cat Energy Corporation

General

Storm Cat is an independent oil and gas company focused on exploration and development of unconventional gas reserves, which are reserves from fractured shales, coal beds and tight sand formations. We have producing properties in Wyoming's Powder River Basin, and non-operated producing wells in the Fayetteville Share area of Arkansas. Our primary exploration and development acreage is located in Canada and the United States. During the past two years, our oil and gas activities have been conducted in the United States, Canada and Mongolia.

We were originally incorporated under the laws of British Columbia, Canada in 2000 as a mineral exploration company, Toby Ventures, Inc. In late 2003 we entered the oil and gas industry. In January 2004, we changed our name to Storm Cat Energy Corporation. Our business model consists of three strategies: (1) acquiring producing properties with drilling prospects in focused basins in both the United States and Canada; (2) exploring areas of moderate risk; and (3) initiating higher risk projects with the potential for higher reward.

On May 5, 2006, we closed a mineral leasehold transaction in the Powder River Basin, Campbell County, Wyoming, with two private companies. The acquisition included an interest in 3,948 gross (3,548 net) undeveloped acres. As consideration, we paid 50% in cash at closing and the private companies retained a carried interest as to capital costs covering their 10% working interest to be paid over a period of 18 months after closing. On May 10, 2006, we closed a \$2.0 million transaction in the Fayetteville Shale play in Arkansas with two private operators. We acquired an interest in approximately 16,364 gross undeveloped acres and 12,596 net mineral acres in Van Buren, Pope and Searcy Counties, Arkansas at a cost per net mineral acre of \$165.

On June 7, 2006, we acquired six state tracts in Sheridan County, Wyoming totaling 1,521 gross (and net) acres at a Wyoming State Lease Sale for \$0.7 million lease bonus (average of \$458/acre). Development preparation has begun on the acreage including permitting of locations and water management planning. Development should consist of 19 multi-seam wells.

On August 29, 2006, but effective as of July 1, 2006, we acquired producing leases totaling 25,200 gross acres and 17,000 net acres in Wyoming's Powder River Basin for \$30.7 million. The production from this field represented 26.4% of our 2006 production volumes and 22.9% of our 2006 natural gas revenue, and the reserves attributable to this acquisition comprise approximately 44.6% of our estimated proved reserves as of December 31, 2006.

On September 14, 2006, we entered into a Joint Development Agreement with an unaffiliated third party to jointly develop certain lands for coalbed methane in the Powder River Basin. Under this agreement, we and our partner will establish an area of mutual interest in which we will act as operator. We acquired an undivided 50% of our partner's working interest and production in existing wells, leasehold and infrastructure. We will have the option to earn an undivided 50% interest in our partner's leasehold within the area of mutual interest through development.

At December 31, 2006, in Wyoming's Powder River Basin, we had operational control of approximately 41,730 gross acres and 31,905 net acres. At year end we were operating 277 wells in the Powder River Basin and owned a working interest percentage in 41 additional non-operated wells. For the full year 2006, 86 wells were spud. Wells drilled during 2006 were concentrated in our Northeast Spotted Horse and Jamison/Twenty Mile operating areas.

At year end 2006, the Powder River Basin exit-rate production was 15 million cubic feet of natural gas per day (MMcf/d) gross and 8 MMcf/d net. The Powder River Basin production currently comprises 100% of our production.

In the Arkoma Basin's Fayetteville Shale play in Arkansas, we owned or controlled 20,051 gross and 13,982 net acres at December 31, 2006. This property consists of an 80% net revenue interest in 16,364 gross (12,596 net) acres and an 81% net revenue interest in 3,688 gross (1,386 net) acres in the Fayetteville Shale Prospect area of Arkansas (mostly in Van Buren County). We plan to commence drilling on the first of six net wells in the Fayetteville Shale beginning mid-year 2007.

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At year end 2006, we were participating in 14 (non-operated) Fayetteville Shale wells where we owned between a 1% and 8% working interest. These wells were at various stages of planning, drilling, completion or production.

In Elk Valley, British Columbia, we farmed-in on approximately 77,775 gross (77,775 net) acres on an unconventional natural gas prospect. On October 31, 2006 we assumed 100% operatorship of the Elk Valley land and the former operator retained a

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2.5% overriding royalty interest. During 2006 we drilled and completed five wells in Elk Valley. These wells are currently on production and have begun the de-watering stage. We expect to have preliminary production results from these wells during the second half of 2007.

We previously owned a 30% working interest in the Moose Mountain exploration project in Saskatchewan, covering 235,830 gross acres of unconventional natural gas exploration. We drilled, cased and completion tested three Moose Mountain wells in 2006. This property was fully impaired in the amount of \$1.9 million in the third quarter of 2006. We sold our working interest in this property to avoid plugging and abandonment costs, but we retained a 1% overriding royalty interest.

In the Western Canadian Sedimentary Basin of Alberta, Canada, we owned or controlled approximately 19,693 gross acres and 17,453 net acres at December 31, 2006. Efforts have been focused on evaluating the potential of the Horseshoe Canyon and Mannville Coals. Horseshoe Canyon has been established as a commercial production target in the Western Canadian Sedimentary Basin, while the Mannville Coals are still in the early stages of development. During the course of 2006, we experienced a greater than eight-fold increase in our undeveloped acreage position from a starting point of 2,080 acres (gross and net). In 2006, we drilled five gross wells. This total includes two wells drilled at no cost to us through a farm out of its interest in two sections of land.

The Alberta, Canada acreage is concentrated in five main areas. From north to south these are Judy Creek, Redwater, Wetaskiwin, Wainwright and Cessford. The Wetaskiwin area is prospective for gas from the Horseshoe Canyon and the Mannville Coals while the other areas are all prospective for gas from the Mannville Coals.

During 2006, we participated in the drilling of three wells in the Cessford area on a drill-to-earn farm-out deal. Two of the wells were drilled at no cost to us. The first well drilled was a vertical test which targeted a Lower Mannville Channel sand as well as the Mid Mannville Coal. Unfortunately, the channel sand was wet, and the well was completed uphole in the Mannville Coal section. A core was cut through the coals. Subsequent analysis showed significant quantities of gas in place, which led to the decision to begin horizontal development drilling. The remaining four earning wells have been farmed out to a third party. Two of the wells have been drilled, and the remaining two earning wells are scheduled to be drilled in the first and second quarters of 2007.

During the fourth quarter of 2006, we drilled a 1,450 meter vertical test in the Judy Creek area to evaluate the potential of the Mannville coals as well as unconventional targets in the Colorado Shale. The coals encountered were deemed to be too thin to follow up with horizontal wells.

We drilled a 760 meter vertical well in the Wetaskiwin area that was designed to test the gas potential of the Horseshoe Canyon Coal as well as conventional targets in the Belly River and Edmonton Sand. The well encountered gas pay in both the Upper Belly River Sand and the Horseshoe Canyon. Based on these results, we have entered into a drill-to-earn deal to earn a 100% working interest in four sections of land subject to a non-convertible overriding royalty. We will earn an interest in one section with each well drilled. Tie-in options are currently being evaluated.

In addition, we have acquired an 89.5% net revenue interest in 11,782 gross (11,782 net) acres and an 87.5% net revenue interest in 12,723 gross (12,723 net) acres in the Cook Inlet region of Alaska. We drilled one well in 2006. We are in the process of evaluating the completion potential and costs based upon equipment availability.

As of December 31, 2006, we had fully impaired our Mongolia property for a total of \$2.2 million.

Liquidity and Capital Resources

On July 28, 2006, we and Storm Cat Energy (USA) Corporation (Storm Cat (USA)), one of our wholly owned subsidiaries, entered into a Credit Agreement, with JPMorgan Chase Bank, N.A., as Global Administrative Agent, and the Lenders party thereto (the U.S. Credit Agreement). Additionally, on July 28, 2006, we entered into a Credit Agreement, with JPMorgan Chase Bank, N.A., Toronto Branch as Canadian Administrative Agent, JPMorgan Chase Bank, N.A., as Global Administrative Agent, and the Lenders party thereto. Pursuant to these credit agreements, we were permitted to borrow up to an aggregate principal amount of \$250,000,000 under the two credit agreements, to be allocated between the two agreements depending on the respective borrowing base under each such agreement. On August 29, 2006, we and Storm Cat (USA), entered into an amendment (the First Amendment) to the U.S. Credit Agreement to increase our Global Borrowing Base and U.S. Borrowing Base, each as defined in the Credit Agreement, from US \$11.0 million to US \$20.0 million and to obtain a secured bridge note of US \$15.0 million (the Secured Bridge Note). As of February 16, 2007, the Global Borrowing Base was \$20,000,000, all of which was allocated to the U.S. Borrowing Base.

On September 27, 2006, we closed a private placement of units and flow-through shares for CDN\$1.58 per unit and CDN\$1.80 per flow-through share. Each unit consisted of one common share and approximately 0.28 of a common share warrant that is exercisable through February 27,

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2008 at an exercise price of CDN\$1.90 per share. This private placement consisted of a total of 7,594,937 units and 6,172,839 flow-through common shares. Pursuant to the sale of units, we issued an aggregate of 2,126,582 warrants on the terms set forth above.

On January 19, 2007, we entered into a Series A Note Purchase Agreement for the private placement of Series A Subordinated Convertible Notes due March 31, 2012 (the Series A Notes) in a total aggregate principal amount of \$18.5 million and

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a Series B Note Purchase Agreement for the private placement of Series B Subordinated Convertible Notes due March 31, 2012 (the Series B Notes) in a total aggregate principal amount of \$31.7 million. The Series A Notes and the Series B Notes will be convertible into our common shares at a price of \$1.17 per share, as may be adjusted in accordance with the terms of the Series A Notes or the Series B Notes (as applicable), and we may force the conversion of the Series A Notes or the Series B Notes (as applicable) at any time 18 months after the closing date of the applicable issuance that our common shares trade above \$2.05, as may be adjusted, for 20 days within a period of 30 consecutive trading days.

On January 30, 2007, we closed the private placement of the Series A Notes. The Series A Notes will mature on March 31, 2012, unless earlier converted, redeemed or repurchased. The Series A Notes bear interest at a rate of 9 ¼% per annum, commencing on January 30, 2007. Interest on the Series A Notes is payable quarterly in arrears on March 31, June 30, September 30 and December 15 of each year, beginning on June 30, 2007. We used some of the net proceeds from the private placement of the Series A Notes to repay the remaining \$7.5 million of mezzanine debt that was borrowed in connection with the Powder River Basin acquisition completed in August 2006. We intend to use the remaining net proceeds to fund our 2007 US capital expenditure budget requirements.

On March 30, 2007, we closed the private placement of the Series B Notes. The Series B Notes will mature on March 31, 2012, unless earlier converted, redeemed or repurchased. The Series B Notes bear interest at a rate of 9 ¼% per annum, commencing on March 30, 2007. Interest on the Series B Notes is payable quarterly in arrears on March 31, June 30, September 30 and December 15 of each year, beginning on June 30, 2007. We intend to use the net proceeds from the private placement of the Series B Notes to fund our 2007 US capital expenditure budget requirements.

As part of the private placements of the Series A Notes and the Series B Notes, we entered into a registration rights agreement with the selling shareholders requiring us to file with the Securities and Exchange Commission (the SEC) a registration statement covering the common shares issuable upon conversion of the Series A Notes and the Series B Notes.

Acreage

The following table summarizes the gross and net acreage of properties in which we hold an interest as of December 31, 2006:

Storm Cat Energy Corporation Acreage as of December 31, 2006

Area	Gross Acres	Net Acres
<u>Powder River Basin, WY</u>		
Northeast Spotted Horse	6,320	5,950
Jamison	723	651
20 Mile	760	684
Ford Ranch (Focus + Ellbogen/Westbrook Leases)	4,711	3,604
Sheridan (State Lease Sale)	1,521	1,521
Recluse (Barrett Acquisition)	25,200	17,000
North Recluse (Petro-Canada Acquisition)	2,495	2,495
Total	41,730	31,905
<u>Fayetteville Shale, AR</u>		
Jordan Acquisition	16,364	12,596
Subsequent Lease Purchases	3,688	1,386
Total	20,052	13,982
<u>Cook Inlet, AK</u>		
Mental Health Trust Leases	11,782	11,782
State Lease Sale Tracts	12,723	12,723
Total	24,505	24,505
<u>Canada</u>		
Elk Valley (BC) - EnCana Drill to Earn	77,775	77,775
Alberta (AB) - Crown Lease Sale (Wetaskiwin) 12/14/05	2,068	2,068
Alberta (AB) - Cessford Farm-In (1)	3,200	2,240
Alberta (AB) - Crown Lease Sale (Redwater) 3/8/06	2,529	2,529
Alberta (AB) - Crown Lease Sale (Wainwright) 4/19/06	3,794	3,794
Alberta (AB) - Crown Lease Sale (Wainwright) 5/3/06	3,795	3,795
Alberta (AB) - Crown Lease Sale (Wetaskiwin) 5/31/06	1,107	1,107
Judy Creek	3,200	