

GEOPETRO RESOURCES CO

Form 424B3

October 31, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-146557

PROSPECTUS

GEOPETRO RESOURCES COMPANY

2,783,456 shares of Common Stock

(No Par Value)

The Offering:

This offering relates to the possible sale, from time to time, by the shareholders listed on page 83 of this prospectus, the selling shareholders, of up to 2,783,456 shares of common stock of GeoPetro Resources Company. The shares of our common stock and securities which are exercisable for shares of our common stock which are being offered by this prospectus were issued to the selling shareholders pursuant to financing transactions. We will not receive any proceeds from sales by selling shareholders. The selling shareholders may sell all or a portion of their shares covered by this prospectus through public or private transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices or negotiated prices, in negotiated transactions, or in trading markets for our common stock. We will bear all costs associated with this registration.

Current Trading Market:

Our common stock trades on the American Stock Exchange under the symbol GPR. Our common stock is also listed on the Toronto Stock Exchange under the symbol GEP.s. On October 30, 2007, the last reported sale prices for our common stock on the American Stock Exchange and the Toronto Stock Exchange were \$4.00 and \$3.25, respectively.

Investing in our common stock involves a high degree of risk. See Risk Factors Beginning on Page 5.

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 October 31, 2007

TABLE OF CONTENTS

	Page
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	5
<u>Cautionary Note Regarding Forward Looking Statements</u>	16
<u>Use of Proceeds</u>	16
<u>Dilution</u>	16
<u>Market Price of Common Stock</u>	17
<u>Dividends</u>	17
<u>Selected Consolidated Financial Data</u>	19
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Business</u>	38
<u>Properties</u>	44
<u>Legal Proceedings</u>	60
<u>Management</u>	61
<u>Executive Compensation</u>	69
<u>Security Ownership of Certain Beneficial Owners and Management</u>	81
<u>Selling Shareholders</u>	83
<u>Plan of Distribution</u>	86
<u>Certain Relationships and Related Party Transactions</u>	88
<u>Material Income Tax Consequences</u>	90
<u>Description of Securities</u>	95
<u>Legal Matters</u>	98
<u>Experts</u>	98
<u>Where You Can Find More Information</u>	98
<u>Index to Financial Statements</u>	F-1
<u>Appendix A Glossary of Natural Gas and Oil Terms</u>	A-1

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling shareholders are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise specified or the context otherwise requires, all dollar amounts in this prospectus are expressed in U.S. dollars.

PROSPECTUS SUMMARY

Edgar Filing: GEOPETRO RESOURCES CO - Form 424B3

This summary highlights selected information contained in greater detail elsewhere in this prospectus and does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, especially the risks of investing in our common stock, which we discuss under Risk Factors and our consolidated financial statements and related notes. Unless otherwise indicated or required by the context, we, us, and our refer to GeoPetro Resources Company and its subsidiaries and predecessors. All financial data included in this prospectus has been prepared in accordance with generally accepted accounting principles in the United States. We have provided definitions for some of the natural gas and oil industry terms used in this prospectus in the Glossary on page A-1 of this prospectus. All dollar amounts appearing in this prospectus are stated in U.S. dollars unless specifically noted in Canadian dollars (CDN\$).

GEOPETRO RESOURCES COMPANY

Edgar Filing: GEOPETRO RESOURCES CO - Form 424B3

- Offices:** Our principal executive offices are located at One Maritime Plaza, Suite 700, San Francisco, CA 94111. Our telephone number is (415) 398-8186.
- Our Business:** We are an oil and gas company originally incorporated in the State of Wyoming in August 1994 but incorporated in California since June 1996. Our business is the exploration and the production of oil and natural gas reserves on a worldwide basis. We currently have projects in the United States, Canada, and Indonesia. The projects encompass approximately 1.03 million gross (236,170 net) acres consisting of mineral leases, production sharing contracts and exploration permits that give us the right to explore for, develop and produce crude oil and natural gas. We have developed a proven cash-flow generating property in our Madisonville Project in Texas which we operate. Elsewhere, we have assembled a geographically diversified portfolio of exploratory and appraisal prospects which we believe have the potential for oil and natural gas reserves.
- Corporate Strategy:** Our strategy is to maximize shareholder value through the exploration of oil and natural gas prospects. To carry out this philosophy we employ the following business strategies:
- Identify and pursue projects which individually have the potential to be company makers which we define as projects which could generate a minimum unrisks net present value of \$50 million net to our interest using a 10% discount factor. Net present value means the estimated future net cash flows resulting from the sale of oil and gas less all of the operating and capital costs, discounted to present value using a 10% discount factor.
 - Unrisks in this context means that we have not reduced the future net cash flows to account for the risk of finding and producing the reserves;
 - perform geological, engineering and geophysical evaluations;
 - gain control of key acreage;
 - generate high quality drillable exploration and lower-risk appraisal and development prospects;
 - retain a large working interest in those projects which involve low risk development, exploitation or appraisal of proven, probable and possible reserves; and
 - minimize early investment and exploration risk in higher risk exploratory prospects through farmouts to other oil and natural gas companies and maintain meaningful interests with a carry through the exploration phase.
- Management:** Stuart J. Doshi, David V. Creel and J. Chris Steinhauer, the three members of our senior management team, have a combined experience of approximately 100 years in the oil and gas industry. This experience covers a broad range of activity both onshore and offshore, domestic and international and from company start-up to mature progression and company sale. This experience also covers the entire spectrum of the risk profile in any particular project from early stage exploration through full development and production.
- Significant Risks:** Our business faces significant risks. Acquisition, exploration and overhead costs are high and have resulted in substantial losses since inception. There is a limited public market for our common shares, which may hinder our ability to raise equity capital (if needed) on advantageous terms, and there is intense competition in our industry. See Risk Factors beginning on page 5 for a detailed discussion of these and other risks.

- Madisonville Field:** We own and operate a 100% working interest in the Madisonville Project in Madison County, Texas. We own working interests in approximately 4,716 gross and net acres of leases in the Rodessa Formation interval, as well as approximately 4,589 gross and net acres of leases as to depths below the Rodessa Formation interval. In October 2001, we tested the Magness Well at rates of up to 20.8 MMcf/d. Production from this well commenced in May 2003 and stabilized at a rate of approximately 18 MMcf/d of raw gas as at October 2003. In December 2004, the Fannin Well was drilled, completed and tested at rates of up to 25.7 MMcf/d. In 2006, we drilled the Wilson and Mitchell wells. Presently, the Fannin, Mitchell and Magness wells are producing while the Wilson well is shut-in (not producing) awaiting a fracture stimulation and hook up. The well reserves are being produced from the Rodessa formation existing at approximately 12,000 feet of depth. In 2005 we entered into a long-term agreement with Madisonville Gas Processing, LP (MGP), the gas treatment plant owner, to process Rodessa formation natural gas. In connection with the agreement, MGP is expanding the capacity of the treatment plant from 18 MMcf/d to 68 MMcf/d. MGP is jointly owned by JPMorgan Partners and Bear Cub Investments LLC. Gateway Processing Company (Gateway) owns and operates an approximately nine-mile sales pipeline with an estimated capacity of approximately 70 MMcf/d to transport the natural gas from the Madisonville Field to two major pipelines in the area.
- Alaska CBM:** We entered into an agreement with Pioneer Oil Company, Inc. dated April 20, 2005, wherein we acquired a 100% working interest, 81% net revenue interest, in 122,174 acres onshore in Cook Inlet, near Anchorage, Alaska. Preliminary log analysis indicates the lease blocks may contain coal bed methane, CBM , reserves as well as conventional accumulations of natural gas in Tertiary sandstones. Please see the glossary on page A-1 for definitions of terms. The coals occur in seams which are commonly 20 feet thick and can be as thick as 70 feet. Accessible onshore areas have 200 to 300 feet of coal shallower than 5,000 feet. Gas content for these coals ranges from 80 to 250 standard cubic feet per ton. We may reduce exploration risk by finding participants to pay most or all of the money expended towards acquisition and initial exploration.
- Lokern Project:** We have a 100% working interest in 1,280 acres over a prospect in Kern County, California. An oil and gas prospect has been identified using reprocessed seismic. Please see the glossary on page A-1 for definitions of terms.
- Alberta Projects:** We, through our wholly-owned subsidiary, GeoPetro Canada Ltd. (**GeoPetro Canada**) have entered into a participation agreement wherein we acquired a 50% non-operated working interest in the Goodwin Prospect, which is located in the Central Alberta Basin, Canada. A total of 12,000 acres can be earned by the Company by the drilling of wells. To date, we have drilled and completed one well in this project. Elsewhere we have a 56.25% working interest in 2,560 leased acres in the central Alberta basin.
- Bengara (II) PSC:** We, through our 12% ownership interest of Continental-GeoPetro (Bengara II) Ltd., a British Virgin Islands corporation (**C-G Bengara**) have a 12% interest in the Bengara (II) PSC Block in East Kalimantan, Indonesia (the **Bengara Block**) which covers approximately 900,000 gross (108,000 net) acres. Two wells have been drilled in this block since 1938 and one of these resulted in a natural gas discovery, testing 19.5 MMcf/d together with 600 bbls condensate per day. Please see the glossary on page A-1 for definitions of terms. Elsewhere in the block, a large number of prospects and leads have been identified based primarily on seismic data.

THE OFFERING

Common stock that may be offered by the selling shareholders:

2,783,456 shares(1)

Common stock to be outstanding immediately after this offering:

31,583,007 shares(2)

Use of proceeds:

We will not receive any proceeds from the sales of our common stock by the selling shareholders.

Risk factors:

See Risk Factors and other information included in this prospectus for a discussion of some of the factors you should consider before deciding to purchase shares of our common stock.

American Stock Exchange Symbol: GPR

-
- (1) Includes 780,857 shares of common stock issuable upon exercise of warrants.
- (2) Assumes the sale by the selling stockholders of all the shares of common stock available for resale under this prospectus, except for 780,857 shares of common stock issuable upon exercise of warrants.

SUMMARY CONSOLIDATED FINANCIAL DATA

Edgar Filing: GEOPETRO RESOURCES CO - Form 424B3

The following table sets forth certain of our summary consolidated financial data for the periods indicated. The data presented below has been derived from our financial statements included elsewhere in this prospectus except for the balance sheet data as of December 31, 2004, 2003 and 2002 and the consolidated statement of operations data for the years ended December 31, 2003 and 2002, which are derived from our audited consolidated financial statements not included in this prospectus. You should read this information together with the consolidated financial statements and the notes to those statements appearing elsewhere in this prospectus and the information under Selected Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Six Months Ended			For The Years Ended December 31,			
	June 30, 2007 (unaudited)	June 30, 2006 (unaudited)	2006 (audited)	2005 (audited)	2004 (audited)	2003 (audited)	2002 (audited)
Consolidated Statement of Operations:							
Revenues	4,212,192	3,467,517	6,716,360	7,975,990	5,825,072	2,452,648	21,659
Lease operating expense	846,107	717,929	1,602,932	878,176	780,237	582,889	19,955
General and administrative	1,526,919	1,287,620	2,347,447	1,551,747	1,963,649	1,259,269	856,491
Net profits expense	428,588	360,471	632,708	856,837	579,590	225,869	
Impairment expense			38,849		2,038,422	473,496	
Depreciation and depletion expense	1,229,870	1,106,162	2,406,612	1,832,693	2,077,004	798,555	5,138
Earnings (loss) from operations	180,708	(4,665)	(312,188)	2,856,537	(1,613,830)	(887,430)	(859,925)
Net income (loss)	56,164	(60,092)	(482,406)	2,640,471	(2,077,615)	(1,684,692)	(1,284,480)
Net income (loss) attributable to common shareholders	56,164	(322,617)	(1,011,806)	2,111,074	(2,606,978)	(1,943,565)	(1,299,700)
Earnings (Loss) per Share:							