

PEDEVCO CORP  
Form S-3  
December 19, 2014

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As filed with the Securities and Exchange Commission on December 19, 2014

Registration No. 333-

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM S-3  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

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PEDEVCO CORP.  
(Name of registrant in its charter)

Texas	22-3755993
(State or jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

4125 Blackhawk Plaza Circle, Suite 201  
Danville, California 94506  
(855) 733-2685

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

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Frank C. Ingriselli  
Chief Executive Officer  
PEDEVCO Corp.  
4125 Blackhawk Plaza Circle, Suite 201  
Danville, California 94506  
(855) 733-2685

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

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Copies To:  
David M. Loev, Esq.  
John S. Gillies, Esq.  
The Loev Law Firm, PC  
6300 West Loop South, Suite 280  
Bellaire, Texas 77401  
Telephone: (713) 524-4110  
Facsimile: (713) 524-4122

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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:

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.

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.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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 Securities Exchange Act of 1934, as amended.

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

**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 Stock, par value \$0.001 per share	3,323,734 (2)	\$0.53(3)	\$1,761,579	\$204.70
Common Stock, par value \$0.001 per share	3,700,758 (4)	\$1.00 (5)	\$3,700,758	\$430.03
<b>TOTAL</b>	<b>7,024,492</b>		<b>\$5,462,337</b>	<b>\$634.73</b>

(1)

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Pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), this Registration Statement shall also cover any additional shares of the Registrant’s common stock that become issuable by reason of any stock split, stock dividends, recapitalization, or other similar transactions.

- (2) Represents 3,323,734 shares of common stock issued to the selling shareholders named herein pursuant to Common Stock and Warrant Subscription Agreements described below under “Prospectus Summary” – “Common Stock and Warrant Offering”.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act based upon the average of the high and low per share prices of the Registrant’s common stock as reported on the NYSE MKT on December 18, 2014.
- (4) Represents 3,700,758 shares of common stock issuable to the selling shareholders named herein pursuant to Warrants with an exercise price of \$1.00 per share (the “Exercise Price”).
- (5) Represents the per share Exercise Price of the warrants described in footnote (4) above.

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 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

Information contained herein 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 prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Information contained herein 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 prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 19, 2014

PROSPECTUS

PEDEVCO Corp.

3,323,734 Shares of Common Stock and  
3,700,758 Shares of Common Stock Issuable Upon Exercise of Warrants

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This prospectus relates to the sale by certain stockholders named in this prospectus listed under “Selling Shareholders” beginning on page 38 of this prospectus, of up to (a) 3,323,734 shares of our common stock, par value \$0.001 per share (“Common Stock”); and (b) 3,700,758 shares of Common Stock issuable upon exercise of outstanding warrants to purchase shares of Common Stock. Throughout this prospectus, we refer to these stockholders as the selling shareholders.

We are not selling any securities covered by this prospectus and will not receive any of the proceeds from the sale of such shares by the selling shareholders. However, to the extent that the warrants are exercised for cash, we will receive the payment of the exercise price in connection with such exercise (see also “Use of Proceeds” on page 38 below). We are registering shares of Common Stock on behalf of the selling shareholders. The selling shareholders or their donees, pledgees or other transferees may sell or otherwise transfer the shares of Common Stock offered by this prospectus from time to time either directly or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions from the selling shareholders, the purchasers of the shares, or both. These sales or dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying market prices determined at the time of sale or at negotiated prices. See “Plan of Distribution” beginning on page 46 of this prospectus for more information about how the selling shareholders may sell or otherwise transfer the shares of Common Stock offered hereby.

We have agreed to pay certain expenses related to the registration of the offer and sale of the shares of our Common Stock pursuant to the registration statement of which this prospectus forms a part. Each selling shareholder will be responsible for all other costs and expenses in connection with the sale of their shares of Common Stock, including brokerage commissions or dealer discounts.

In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 of the Securities Act of 1933, as amended (the “Securities Act”) may be sold under Rule 144 rather than pursuant to this prospectus.

Our Common Stock is listed on the NYSE MKT under the symbol “PED”. The closing price for our Common Stock on December 18, 2014 was \$0.542 per share.

Investing in our securities involves risks. You should carefully consider the risk factors beginning on page 10 of this prospectus and set forth in the documents incorporated by reference herein before making any decision to invest in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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The date of this prospectus is December 19, 2014.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC” or the “Commission”). This prospectus relates to the resale by the selling shareholders listed in this prospectus, of up to (a) 3,323,734 shares of Common Stock; and (b) 3,700,758 shares of Common Stock issuable upon exercise of outstanding warrants to purchase shares of Common Stock. We will not receive any proceeds from the resale of any of the shares by the selling shareholders. However, to the extent that the warrants are exercised for cash, we will receive the payment of the exercise price in connection with such exercise (see also “Use of Proceeds” on page 38 below). We have agreed to pay for the expenses related to the registration of the shares being offered by the selling shareholders.

You should read this prospectus and any prospectus supplement, including all documents incorporated herein or therein by reference, together with additional information described under “Where You Can Find More Information” and “Incorporation of Documents By Reference” before making an investment decision.

This prospectus does not contain all the information provided in the registration statement we filed with the SEC. For further information about us or our securities offered hereby, you should refer to that registration statement, which you can obtain from the SEC as described below under “Where You Can Find More Information.”

You should rely only on the information contained or incorporated by reference in this prospectus or a prospectus supplement. 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. This prospectus and any accompanying prospectus supplement are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should assume that the information appearing in this prospectus or any prospectus supplement, as well as information we have previously filed with the SEC and incorporated by reference, is accurate as of the date of those documents only. Our business, financial condition, results of operations and prospects may have changed since those dates.

We will disclose any material changes in our affairs in a post-effective amendment to the registration statement of which this prospectus is a part, a prospectus supplement, or a future filing with the SEC incorporated by reference in this prospectus.

Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside of the United States.

In this prospectus, we may rely on and refer to information regarding the oil and gas industry in general from market research reports, analyst reports and other publicly available information. Although we believe that this information is reliable, we cannot guarantee the accuracy and completeness of this information, and we have not independently verified any of it. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” beginning on page 10 of this prospectus. These and other factors could cause our future performance to differ materially from our assumptions and estimates.

Certain abbreviations and oil and gas industry terms used throughout this prospectus are described and defined in greater detail under “Glossary of Oil And Natural Gas Terms” on page 31 of our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on March 31, 2014, as amended, which is incorporated herein by reference. See “Incorporation Of Documents By Reference” on page 48.

Unless the context otherwise requires, references in this prospectus and the accompanying prospectus supplement to “we,” “us,” “our,” the “Company,” and “PEDEVCO” refer to PEDEVCO Corp. and its subsidiaries. All dollar amounts in this prospectus are in U.S. dollars unless otherwise stated. You should read the entire prospectus before making an investment decision to purchase our securities.



## PROSPECTUS SUMMARY

The following summary highlights material information found in more detail elsewhere in, or incorporated by reference in, the prospectus. It does not contain all of the information you should consider. As such, before you decide to buy our securities, in addition to the following summary, we urge you to carefully read the entire prospectus and documents incorporated by reference herein or in any prospectus supplement, especially the risks of investing in our securities as discussed under “Risk Factors” herein and therein. The following summary is qualified in its entirety by the detailed information appearing elsewhere in this prospectus.

### Overview

We are an energy company engaged primarily in the acquisition, exploration, development and production of oil and natural gas shale plays in the Denver-Julesberg Basin (“D-J Basin”) in Colorado, which contains hydrocarbon bearing deposits in several formations, including the Niobrara, Codell, Greenhorn, Shannon, J-Sand, and D-Sand. As of September 30, 2014, we held approximately 16,511 net operated D-J Basin acres located in Weld and Morgan Counties, Colorado, comprised of approximately 2,379 net operated acres in the Wattenberg Extension area of the D-J Basin we previously referred to as our “Niobrara Asset,” and 14,132 net operated acres in the Wattenberg and Wattenberg Extension areas of the D-J Basin that we recently acquired from Continental Resources, Inc. (“Continental”) and previously referred to as our “Wattenberg Asset,” which we now collectively refer to as our “D-J Basin Asset.” Our wholly-owned subsidiary, Red Hawk Petroleum, LLC (“Red Hawk”), currently holds interests in 53 wells in our D-J Basin Asset, 14 of which are operated by Red Hawk and currently producing, 17 of which are non-operated and Red Hawk has an after-payout interest in 22. We also operate 5 additional wells in our D-J Basin Asset through Condor Energy Technology, LLC (“Condor”), our partially-owned subsidiary. We believe our current D-J Basin Asset could contain approximately a gross total of 1,300 gross (166 net) drilling locations, based on 40 and 80 acre spacing.

In addition, as of September 30, 2014, we had approximately 6,686 gross (3,283 net acres) of oil and gas properties in the Mississippian Lime play located in Comanche, Harper, and Kiowa Counties, Kansas, which we own an indirect 49% working interest in and operate, which we refer to as our “Mississippian Asset.” We hold the Mississippian Asset pursuant to a term assignment which expires on December 29, 2014. If we drill at least three horizontal wells on these leasehold interests prior to this date, then we have the option, in our sole discretion, to extend the primary term with respect to some or all of the leases subject to the assignment for an additional one (1) year period upon payment of an additional \$200 per net acre covered by the leases upon which the option is exercised. We do not believe we will be able to drill and complete the three horizontal wells necessary to hold this acreage by December 29, 2014. However, we are in current discussions to extend the primary term of the term assignment and are hopeful that an extension will be obtained, although there can be no assurances that an extension will be obtained on commercially reasonable terms, or at all. If we successfully obtain the primary term assignment extension, we anticipate that the drilling of the three wells will commence in the first half of 2015. If, however, we are unsuccessful in obtaining an extension of the primary term assignment, and our term assignment expires with respect to the Mississippian Asset, we will likely be required to impair the Mississippian Asset in full.

We have also entered into agreements to acquire a 5% interest in a Canadian publicly-traded company which is in the process of acquiring a 100% working interest in production and exploration licenses covering an approximate 380,000 acre oil and gas producing asset located in the Pre-Caspian Basin in Kazakhstan, which we plan to close upon receipt of required approvals from the Kazakhstan government and satisfaction of other customary closing conditions, which are planned to be satisfied on or before July 2015.

We believe that the D-J Basin shale play represents among the most promising unconventional oil and natural gas plays in the U.S. We plan to continue to seek additional acreage proximate to our currently held core acreage located in the Wattenberg and Wattenberg Extension areas of Weld County, Colorado. Our strategy is to be the operator,

directly or through our subsidiaries and joint ventures, in the majority of our acreage so we can dictate the pace of development in order to execute our business plan. The majority of our capital expenditure budget for the next 12 calendar months will be focused on the acquisition, development and expansion of our D-J Basin Asset. Due to unexpected delays in obtaining necessary spacing, pooling and drilling permits, and securing required drilling, completion, and water sourcing and disposal vendors and resources, we have been delayed in executing upon our anticipated full development plan for 2014 by approximately six months. Accordingly, we plan to drill and complete, and participate in the drilling and completion of, approximately 19 additional total wells (equivalent to 3 net wells to us) in our D-J Basin Asset through mid-2015, including both operated and non-operated wells, 11 of which will be long lateral wells. We plan to utilize projected cash flow from operations, the approximately \$13.5 million gross (\$11.0 million net, after origination-related fees and expenses) available under our current senior debt facility, our cash on hand, and proceeds from future potential debt and/or equity financings to fund our operations and business plan.

Condor Energy Technology LLC (“Condor”), in which we own a 20% interest and manage with an affiliate of MIE Holdings Corporation (described in greater detail below under “Strategic Alliances” – “MIE Holdings”), has drilled, completed and operates five horizontal wells in the D-J Basin Asset, all from the Niobrara “B” Bench target zone. The day-to-day operations of Condor are managed by our management, and Condor’s Board of Managers is comprised of our Chief Executive Officer, Mr. Frank Ingriselli, and two designees of MIE Holdings Corporation (“MIE Holdings”). In addition, as of September 30, 2014, MIE Holdings had loaned us approximately \$6.17 million to fund operations and development of the Niobrara Asset. The Company uses the equity method to account for its 20% ownership in Condor. Accordingly, all assets and liabilities of Condor are reflected as equity investment in our consolidated balance sheets and all revenues, operating expenses and other income and expenses are reflected as earnings/loss on equity investments in our consolidated statements of operations in accordance with U.S. generally accepted accounting principles (“GAAP”) reporting requirements.

We have listed below the total production volumes and total revenue net to the Company for the three and nine months ended September 30, 2014 and 2013 attributable to our D-J Basin Asset, including the calculated production volumes and revenue numbers for our D-J Basin Asset held indirectly through Condor that would be net to our interest if reported on a consolidated basis.

	Three months ending September 30, 2013	Three months ending September 30, 2014
Oil volume (BBL)	4,492	12,353
Gas volume (MCF)	5,135	27,790
Volume equivalent (BOE) (1)	5,348	16,984
Revenue (000's)	\$463	\$1,187
	Nine months ending September 30, 2013	Nine months ending September 30, 2014
Oil volume (BBL)	12,536	46,882
Gas volume (MCF)	10,996	68,149
Volume equivalent (BOE) (1)	14,369	58,240
Revenue (000's)	\$1,224	\$4,496

(1) 6 Mcf of natural gas is equivalent to 1 barrel of oil.

### Business Strategy

We believe that the D-J Basin shale play represents among the most promising unconventional oil and natural gas plays in the U.S. We plan to continue to seek additional acreage proximate to our currently held core acreage located in the Wattenberg and Wattenberg Extension areas of Weld County, Colorado. Our strategy is to be the operator, directly or through our subsidiaries and joint ventures, in the majority of our acreage so we can dictate the pace of development in order to execute our business plan. The majority of our capital expenditure budget for the next 12 calendar months will be focused on the acquisition, development and expansion of our D-J Basin Asset. Due to unexpected delays in obtaining necessary spacing, pooling and drilling permits, and securing required drilling, completion, and water sourcing and disposal vendors and resources, we have been delayed in executing upon our anticipated full development plan for 2014 by approximately 6 months. Accordingly, we plan to drill and complete, and participate in the drilling and completion of, approximately 19 additional total wells (equivalent to 3 net wells to us) in our D-J Basin Asset through mid-2015, including both operated and non-operated wells, 11 of which will be long lateral wells. We plan to utilize projected cash flow from operations, the approximately \$13.5 million gross (\$11.0 million net, after origination-related fees and expenses) available under our current senior debt facility, cash on hand, and proceeds from future potential debt and/or equity financings to fund our operations and business plan.

### Strategic Alliances

#### Golden Globe

On March 7, 2014, in connection with our acquisition of certain assets in the D-J Basin from Continental, we entered into a \$50 million 3-year term debt facility (the “Senior Notes”) with various investors including RJ Credit LLC, a subsidiary of a New York-based investment management group with more than \$1.3 billion in assets under management specializing in resource investments. As part of the transaction, Golden Globe Energy Corp. (“Golden Globe”) (an affiliate of RJ Credit LLC) acquired (i) an equal 13,995 net acre position in the assets acquired from Continental, and (ii) 50% of our ownership interest in Pacific Energy Development MSL, LLC, which holds our Mississippian Asset, thereby making Golden Globe an equal working interest partner with us in the development of our D-J Basin and Mississippian Assets, allowing us to undertake a more aggressive drilling and development program in 2014 and beyond.

## MIE Holdings

Through the relationships developed by our founder and Chief Executive Officer, Frank Ingriselli, we formed a strategic relationship with MIE Holdings Corporation (Hong Kong Stock Exchange code: 1555.HK), one of the largest independent upstream onshore oil companies in China, which we refer to as MIE Holdings, to assist us with our plans to develop unconventional shale properties and explore acquisition opportunities in Asia. According to information provided by MIE Holdings, MIE Holdings has drilled and currently operates over 2,000 oil wells in China and Kazakhstan and brings extensive drilling and completion experience and expertise, as well as a strong geological team. MIE Holdings has also been a significant investor in our operations as discussed below. A portion of our D-J Basin Asset is held all or in part by Condor, which is a Nevada limited liability company owned 20% by us and 80% by an affiliate of MIE Holdings. Condor also drilled, completed and operates five of our horizontal wells.

MIE Holdings has been a valuable partner providing us necessary capital in the early stages of our development. It purchased 1,333,334 shares of our Series A preferred stock, which were automatically converted into 1,333,334 shares of our Common Stock in January 2013 and are still held by MIE Holdings, and acquired an 80% interest in Condor for total consideration of \$3 million, and as of September 30, 2014, had loaned us \$6.17 million through a short-term note (the "MIEJ Note") to fund operations and development of the D-J Basin acreage operated by Condor, and \$432,433 toward the acquisition of the Mississippian Asset, of which we repaid \$432,433 in March 2014.

On October 8, 2014, MIE Holdings provided us the expected written notice stating that the MIEJ Note was past due and payable. Pursuant to the subordination language in the MIEJ Note, as amended, MIE Holdings agreed to subordinate the MIEJ Note to indebtedness for money borrowed from any bank or other non-affiliated financial institution or investment group incurred by the Company in excess of \$10 million, which subordinated the MIEJ Note to the Senior Notes issued on March 7, 2014. Notwithstanding the notice from MIE Holdings and the Company's confidence based on the subordination language in the MIEJ Note that no payments are due or payable at this time, it is the Company's desire that with approval of the holders of the Senior Notes, the Company will be able to use a portion of the Company's available cash flow from operations to make payments from time to time on the MIEJ Note prior to the maturity of the Senior Notes in March 2017.

## STXRA

On October 4, 2012, we established a technical services subsidiary, Pacific Energy Technology Services, LLC, which is 70% owned by us and 30% owned by South Texas Reservoir Alliance, LLC, which we refer to as STXRA, through which we plan to provide acquisition, engineering, and oil drilling and completion technology services in joint cooperation with STXRA in the United States. While Pacific Energy Technology Services, LLC currently has no operations, only nominal assets and liabilities and limited capitalization, we anticipate actively developing this venture in 2015.

STXRA is a consulting firm specializing in the delivery of petroleum resource acquisition services and practical engineering solutions to clients engaged in the acquisition, exploration and development of petroleum resources. In April 2011, we entered into an agreement of joint cooperation with STXRA in an effort to identify suitable energy ventures for acquisition by us, with a focus on plays in shale oil and natural gas bearing regions in the United States. According to information provided by STXRA, the STXRA team has experience in their collective careers of drilling and completing horizontal wells, including over 100 horizontal wells with lengths exceeding 4,000 feet from 2010 to 2014, as well as experience in both slick water and hybrid multi-stage hydraulic fracturing technologies and in the operation of shale wells and fields. We believe that our relationship with STXRA, both directly and through our jointly-owned Pacific Energy Technology Services LLC services company, will supplement the core competencies of our management team and provide us with petroleum and reservoir engineering, petrophysical, and operational competencies that will help us to evaluate, acquire, develop and operate petroleum resources in the future.



The following chart reflects our current organizational structure:

\*Represents percentage of voting power based on 33,117,516 shares of Common Stock outstanding as of December 17, 2014, and excludes voting power to be acquired upon exercise of outstanding options or warrants, or conversion of convertible promissory notes.

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## Common Stock and Warrant Offering

On November 28, 2014, we entered into various Common Stock and Warrant Subscription Agreements (the “Subscription Agreements”) with 73 accredited investors (the “Investors”), pursuant to which the Company sold to the Investors an aggregate of 3,323,734 units, each composed of (i) one share of the Company’s common stock (the “Common Stock” and the “Shares”), and (ii) one five-year warrant exercisable for one share of Common Stock (the “Offering Warrant(s)”), which were evidenced by Warrants For The Purchase of Common Stock (the “Warrant Agreements”), at a purchase price (the “Offering Price”) of \$0.65 per Unit (collectively the “Units” and the “Offering”). The Subscription Agreements contain customary representations and warranties, indemnification rights and covenants of the Company and the Investors. The net proceeds to the Company from the Offering, which closed on November 28, 2014 (the “Closing Date”), were approximately \$1,860,378, after deducting various fees, expenses and legal fees of the placement agent in the Offering and an advisor to the Company (described below). The Company intends to use the net proceeds from the Offering for development of existing assets of the Company and general working capital purposes.

The Offering Warrants have an exercise price equal to \$1.00 per share, a term of five years, and are exercisable beginning six months and one day after the closing date of the Offering (May 29, 2015). To the extent that any shares of Common Stock issuable upon exercise of the Offering Warrants (the “Warrant Shares”) are not registered under an effective registration statement under the Securities Act, on the date that is six months after the Closing Date, such unregistered Warrant Shares are exercisable on a cashless basis pursuant to the terms of the Warrant Agreements. The Warrant Agreements provide that the holders of the warrants are prohibited from exercising the Offering Warrants to the extent that the resulting exercise would cause such holders to beneficially own more than 4.99% of the then outstanding shares of Common Stock of the Company.

Under the Subscription Agreements, the Company agreed to register the Shares and Warrant Shares under the Securities Act, for resale by the Investors. The Company has committed to file a registration statement on Form S-3 (which this prospectus forms a part of) by the 30th day following the Closing Date and to cause such registration statement to become effective by the 90th day following the Closing Date (or, in the event of a “full review” by the Commission, the 120th day following the Closing Date). The Subscription Agreements provide for liquidated damages in the event the registration statement covering the Shares has not been filed by the 30th day following the Closing Date. The amount of the liquidated damages is 1.0% of the aggregate subscription amount paid by an Investor for the Units in the event the registration statement covering all of the Shares has not been filed by the 30th day following the Closing Date, and each 30 days thereafter, up to a maximum of 9%, after which time no additional damages shall be due.

In connection with the Offering, the Company paid National Securities Corporation (the “Placement Agent”), as placement agent in the Offering, and Casimir Capital L.P., as the Company’s financial advisor in the Offering (“Advisor”), various consideration consisting of a cash commission of an aggregate of approximately 10% of the gross proceeds from the Offering (\$216,015) to the Placement Agent, a cash commission of 2% of the gross proceeds from sales of Units not relating to Units purchased by investors related to the Company and management (\$29,022) to the Advisor; warrants, with identical terms as the Offering Warrants, to purchase 10% of the Shares sold in the Offering, which totaled warrants to purchase 332,374 shares of Common Stock to the Placement Agent; and warrants, with identical terms as the Offering Warrants, to purchase 2% of the Shares sold in the Offering not relating to Units purchased by investors related to the Company and management, which totaled warrants to purchase 44,650 shares of Common Stock to the Advisor (collectively, the “Agent and Advisor Warrants”, and together with the Offering Warrants, the “Warrants”).

Under the Subscription Agreements, the Company has agreed to indemnify the Investors for liabilities arising out of or relating to any breach of any representation, warranty, covenant or agreement made by the Company in the



Subscription Agreements, provided that any claim relating to any breach of any representation must be brought within one (1) year of the Closing Date. The Investors, severally, and not jointly agreed to indemnify the Company against (i) any failure by such Investor to comply with the prospectus delivery requirements of the Securities Act in connection with the Shares and Warrant Shares registered by the Company and (ii) any untrue statement of a material fact contained in the registration statement to the extent such untrue statement was made in reliance upon and in conformity with written information furnished by or on behalf of that Investor specifically for use in preparation of the registration statement, subject to certain exceptions.

Additionally, under the Subscription Agreements, each of the Investors agreed not to affect any short sales of the Company's Common Stock at any time that such Investor does not have an equivalent offsetting long position in the Common Stock.

#### Additional Information

Additional information about us can be obtained from the documents incorporated by reference herein. See "Where You Can Find More Information".

#### Our Contact Information

Our principal office is located at 4125 Blackhawk Plaza Circle, Suite 201, Danville, California 94506. Our phone number is (855) 733-2685. Our website address is [www.pacificenergydevelopment.com](http://www.pacificenergydevelopment.com). Information on our website or any other website is not, and will not be a part of this prospectus supplement or the accompanying prospectus and is not, and will not be, incorporated by reference into this prospectus supplement or the accompanying prospectus.

THE OFFERING

Common stock offered by the selling shareholders:	3,323,734 shares of Common Stock; and 3,700,758 shares of Common Stock issuable upon exercise of outstanding Warrants to purchase shares of Common Stock
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