

GeoMet, Inc.  
Form DEF 14A  
October 02, 2012

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

GEOMET, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**GEOMET, INC.**

**909 Fannin St., Suite 1850**

**Houston, Texas 77010**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on November 8, 2012**

NOTICE is hereby given that the annual meeting of stockholders of GeoMet, Inc. (the Company) will be held on November 8, 2012, at 10:00 a.m., local time, in the San Jacinto Room at 2 Houston Center, located at 909 Fannin St., Level P2, Houston, Texas 77010, for the following purposes:

1. To elect the eight nominees named in the attached Proxy Statement as members of the Board of Directors of the Company to serve until the next annual meeting of the Company's stockholders; and
2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on September 24, 2012 are entitled to notice of and to vote at the meeting or any adjournment thereof. A complete list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder at the Company's offices located at 909 Fannin Street, Suite 1850, Houston, Texas, for purposes relating to the annual meeting, during normal business hours for a period of 10 days before the annual meeting.

**Whether or not you expect to attend the annual meeting in person, please submit a proxy as soon as possible. In order to submit a proxy, please call the toll-free number listed on the enclosed proxy card, use the Internet as described on the enclosed proxy card, or complete, date and sign the enclosed proxy card and return it in the enclosed envelope, which requires no additional postage if mailed in the United States. If you attend the meeting, and if you so choose, you may withdraw your proxy and vote in person.**

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. A record of the Company's activities during 2011 and its consolidated audited financial statements for the year ended December 31, 2011 are contained in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2011, which is enclosed herewith. The Annual Report does not form any part of the material for solicitation of proxies.

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Dated: October 2, 2012.

By Order of the Board of Directors

/s/ Stephen M. Smith  
Stephen M. Smith  
*Secretary*

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 8, 2012**

The Company's Proxy Statement for the 2012 Annual Meeting of Stockholders and Annual Report on Form 10-K, as amended, for the year ended December 31, 2011 are available at <http://www.proxyvote.com>. The Control Number for accessing the materials is set forth on the accompanying proxy card.

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE OR VOTE BY INTERNET OR BY TELEPHONE. IF YOU DO ATTEND THE MEETING IN PERSON, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON. THE PROMPT RETURN OF PROXIES BY MAIL, INTERNET OR TELEPHONE WILL ENSURE A QUORUM AND SAVE THE COMPANY THE EXPENSE OF FURTHER SOLICITATION.**

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**GEOMET, INC.**

**909 Fannin St., Suite 1850**

**Houston, Texas 77010**

**PROXY STATEMENT**

For Annual Meeting of Stockholders

To be Held on November 8, 2012

**GENERAL**

The accompanying proxy is solicited by the Board of Directors (the Board or the Board of Directors ) of GeoMet, Inc. (the Company or GeoMet) for use at the annual meeting of stockholders of the Company to be held at the time and place and for the purposes set forth in the foregoing notice. The approximate date on which this proxy statement and the accompanying proxy are first being sent to stockholders is October 10, 2012.

The cost of soliciting proxies will be borne by the Company. The Company may use certain of its officers and employees (who will receive no special compensation thereto) to solicit proxies in person or by telephone, facsimile, or similar means.

**Proxies**

Shares represented by valid proxies and not revoked will be voted at the meeting in accordance with the directions given. If no direction is given, such shares will be voted in accordance with the recommendations of our Board unless otherwise indicated. Any stockholder returning a proxy may revoke it at any time before it has been exercised by giving written notice of such revocation to the Corporate Secretary of the Company, by filing with the Company a proxy bearing a subsequent date or by voting in person at the meeting.

**Voting Procedures and Tabulation**

Holders of record of our common stock and Series A Convertible Redeemable Preferred Stock, referred to herein as preferred stock , may vote using one of the following three methods:

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*By Mail:* Stockholders of record may vote by signing, dating and returning the proxy card in the accompanying postage-paid envelope.

*By Telephone:* Stockholders of record may call the toll-free number on the accompanying proxy card to vote by telephone, in accordance with the instructions set forth on the proxy card and through voice prompts received during the call.

*By Internet:* [www.proxyvote.com](http://www.proxyvote.com). Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

Proxies submitted by telephone or the internet are treated in the same manner as if the stockholder had signed, dated and returned the proxy card by mail. Therefore, stockholders of record electing to vote by telephone or the internet should not return their proxy cards by mail.

The Company will appoint one or more inspectors of election to conduct the voting at the meeting. Prior to the meeting, the inspectors will sign an oath to perform their duties in an impartial manner and to the best of their abilities. The inspectors will ascertain the number of shares outstanding and the voting power of each share, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots and perform certain other duties as required by law.

The inspectors will tabulate the number of votes cast for, against or withheld. The presence, in person or by proxy, of the holders of a majority of the voting power of the issued and outstanding capital stock entitled to vote at the annual meeting is necessary to constitute a quorum to transact business. Assuming the presence of a quorum, the nominees for director who receive the most votes from the holders of shares of our common stock and our preferred stock (on an as converted basis) for their election will be elected. That is, the affirmative vote of a plurality in voting power of our common stock and our preferred stock voting together as a single class, present, in person or by proxy and entitled to vote, is required for the election of the directors.

Brokers who hold shares on behalf of their customers have the authority to vote on certain proposals when they have not received instructions from beneficial owners. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the matter is not routine and therefore the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. If you hold your shares in street name, and

you do not give your bank, broker or other holder of record specific voting instructions for your shares, your record holder cannot vote your shares on the election of directors.

### **Voting Securities**

The voting securities of the Company outstanding are its common stock, par value \$0.001 per share, and its Series A Convertible Redeemable Preferred Stock, par value \$0.001 per share. Only the holders of record of common stock and preferred stock at the close of business on September 24, 2012, the record date for the meeting, are entitled to notice of, and to vote at, the meeting. On the record date, there were 40,690,077 shares of common stock (including 254,260 shares of restricted common stock) and 4,989,309 shares of preferred stock outstanding, and entitled to be voted at the meeting. A majority of the shares of common stock and preferred stock (on an as converted basis) treated as a single class, present in person or by proxy, is necessary to constitute a quorum. Each holder of common stock is entitled to one vote per share and each holder of preferred stock is entitled one vote per share of common stock into which the holder's preferred stock is convertible on all matters submitted to a vote of the holders of our common stock at the meeting. Shares of preferred stock are convertible at the rate of 7.692307692 common shares per share of preferred stock, eliminating fractional shares. Consequently, 100 shares of preferred stock would represent aggregate voting power of 769 shares of common stock after eliminating the remaining fractional share. In total, the 4,989,309 shares of our outstanding preferred stock represent aggregate voting power of not more than 38,379,300 shares of common stock, representing 48.5% of the combined voting power of the common stock and preferred stock.

**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

The business and affairs of the Company are managed by the Board of Directors, which exercises all corporate powers of the Company and establishes broad corporate policies. The Bylaws of the Company provide for a minimum of one director and a maximum of thirteen directors. The Board of Directors has established that eight directors will be the number of directors that will constitute the full Board of Directors at the time of the 2012 annual meeting of stockholders. At the meeting, eight directors will be elected.

Directors are elected by plurality vote of our common and preferred stockholders present in person or by proxy and entitled to vote, voting together as a single class, and cumulative voting is not permitted. All duly submitted and unrevoked proxies will be voted for the nominees selected by the Board of Directors, except where authorization to vote is withheld. If any nominee should become unavailable for election, the persons designated as proxies will have full discretion to vote for another person designated by the Board. Directors are elected to serve until the next annual meeting of stockholders and their successors have been elected and qualified.

The nominees of the Board for Directors of the Company are named below. Each of the nominees has consented to serve as a director if elected. The table below sets forth certain information with respect to the nominees. All of the nominees are presently directors of the Company. All of the nominees have served continuously as directors since the date of their first election or appointment to the Board. Robert E. Creager was appointed to the Board effective on April 7, 2011 to replace J. Hord Armstrong, III who resigned from the Board on April 6, 2011 because of the time demands created by his position as Chairman and Chief Executive Officer of Armstrong Land Company, LLC. Mr. Armstrong's decision was not in connection with any disagreement with the Company. In addition, on April 30, 2012, Mr. J. Darby Seré resigned as Chairman of our Board of Directors and President and Chief Executive Officer. Mr. Rankin succeeded Mr. Seré as President and Chief Executive Officer, and as a director, and Mr. McGovern succeeded Mr. Seré as Chairman of our Board of Directors. On July 2, 2012, Phil Malone resigned his position on the Board of Directors in connection with his retirement. Phil Malone resigned from the Board of Directors on July 2, 2012 in connection with his retirement from the Company.

Robert E. Creager, Age 64, Director since April 2011.	Robert E. Creager has over 40 years of public accounting and industry experience. Until his retirement in 2009, Mr. Creager served in positions of increasing responsibility with PricewaterhouseCoopers LLP, starting as an Audit Senior Manager in 1980, being named an Audit Partner in 1982 and serving as the Audit Practice Leader of the Houston office from 2001 to 2007. Mr. Creager served as Chief Accounting Officer of Security Savings from 1978 to 1980. Mr. Creager began his career with KPMG in 1971, serving progressively as an Audit Associate, Audit Senior and Audit Manager until 1978. Mr. Creager holds a Bachelors Degree in Accounting from the University of Maryland. In addition, Mr. Creager is a National Association of Corporate Directors ( NACD ) Governance Fellow and has demonstrated his commitment to boardroom excellence by completing NACD's program of study for corporate directors. He supplements his skill sets through ongoing engagement with the director community and access to leading practices. The Nominating, Corporate Governance and Ethics Committee determined that Mr. Creager's extensive experience in public accounting brings a strong financial management background to our Board and that Mr. Creager is particularly well-suited to serve as Chairman of the Board's Audit Committee.
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James C. Crain, age 64, Director since January 2006.	James C. Crain has been involved in the energy industry for over 35 years, both as an attorney and as an executive officer. Mr. Crain currently serves on the boards of directors of Crosstex Energy, Inc. and Approach Resources, Inc. Since 1997, Mr. Crain has acted as a general partner of Valmora Partners, L.P., which invests in various oil and gas businesses, among other things. In addition, since 1984 Mr. Crain has held officer positions with Marsh Operating Company, an investment management firm focusing on energy investments, including his current position, President, which he has held since 1989. Prior to joining Marsh in 1984, Mr. Crain was a Partner in the law firm of Jenkins & Gilchrist. Mr. Crain holds a Bachelors degree in Accounting, a Masters of Professional Accounting in Taxation and a Juris Doctorate, all from the University of Texas at Austin. The Nominating, Corporate Governance and Ethics Committee, in reviewing and assessing Mr. Crain's background and prior
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contributions to the Board, determined that his extensive legal, investment and transactional experience, particularly within the oil and natural gas exploration and production industry, provides significant contributions to our Board.

Stanley L. Graves,  
age 67,  
Director since

Stanley L. Graves has over 38 years of experience in the oil and gas business and currently serves as President of Graco Resources, Inc., a coal and energy consulting firm. He served as Chairman of the Board of Graves Service Company, Inc. from 1990 until it was sold in 2006. From 1997 to 2002, Mr. Graves was the President of U.S. Clay, L.P., which mined and processed bentonite. Prior to his time at U.S. Clay, L.P.,



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January 2006. Mr. Graves served as Vice President - Business Development for Ultimate Abrasive Systems, Inc., as President of Eldridge Gathering System Inc., and as Vice President of Energen Corp., a large coalbed methane producer in Alabama. Mr. Graves holds a Bachelors degree in Engineering from Auburn University. The Nominating, Corporate Governance and Ethics Committee determined that Mr. Graves' background in the coalbed methane industry, combined with his executive management experience with coalbed methane, mining and midstream companies, provides our Board with considerable knowledge and understanding of strategic and operational matters.

Charles D. Haynes, age 72, Director since January 2006. Charles D. Haynes has over 50 years in the energy profession as a consultant, academic, researcher, and executive. He is a licensed professional engineer in Alabama and served on the Alabama Board of Licensure for Engineers and Land Surveyors from 2002 to 2007. He retired from The University of Alabama in May 2005, having held faculty and administrative positions since 1991, and has since provided consulting services to the mining, petroleum, and coalbed methane industries. From 1977 to 1990 he was a senior executive officer and director of Belden & Blake Corporation, an oil and gas exploration and production company. He holds Bachelors, Masters, and Doctorate degrees from The University of Alabama, Pennsylvania State University, and the University of Texas, respectively, in mining and petroleum engineering. He is a Legion of Honor and Distinguished Member of the Society of Petroleum Engineers. He currently chairs the reserves subcommittee of the Audit committee in the company. The Nominating, Corporate Governance and Ethics Committee, in reviewing and assessing Mr. Haynes' extensive background in the oil and natural gas industry, particularly as a petroleum engineer and as an industry executive, and prior contributions to the Board, determined that he provides our Board with a valuable technical and management background and an important historical perspective on our industry.

W. Howard Keenan, Jr., age 61, Director since December 2000. W. Howard Keenan, Jr. has over thirty years of experience in the financial and energy businesses. Since 1997, he has been a Member of Yorktown Partners LLC, a private equity investment manager focused on the energy industry. Mr. Keenan currently serves on the Board of Directors of Concho Resources, Inc. and Antero Resources Corp. From 1975 to 1997, he was in the Corporate Finance Department of Dillon, Read, & Co. Inc. and active in the private equity and energy areas, including the founding of the first Yorktown Partners fund in 1991. He is serving or has served as a director of multiple Yorktown Partners portfolio companies that are privately-held. Mr. Keenan has an A.B. degree cum laude from Harvard College and a M.B.A. degree from Harvard University. The Nominating, Corporate Governance and Ethics Committee, in reviewing and assessing Mr. Keenan's experience and prior contributions to the Board, determined that his experience in energy finance and as a director of other exploration and production companies, brings a considerable financial and strategic background to our Board.

William C. Rankin, age 63, Director since April 2012. William C. Rankin was appointed President and Chief Executive Officer of the Company and elected to the Board of Directors on April 30, 2012. Prior to such date he had served as Executive Vice President and Chief Financial Officer of the Company since 2000. Mr. Rankin has 41 years of experience as an accountant and financial manager, including 35 years as a financial officer with publicly and privately owned energy companies. He began his career as an auditor with Deloitte & Touche from 1971-1975. He served as Director of Internal Audit of Kerr-McGee Corporation from 1975-1977, Controller of Cotton Petroleum Corporation from 1977-1980 and Executive Vice President and Chief Financial Officer for Cayman Resources Corporation from 1980-1985. Mr. Rankin joined Hadson Corporation in 1985 as Vice President and Controller, became Vice President and Treasurer in 1988 and last served as Sr. Vice President and Chief Financial Officer of Hadson Energy Resources Corporation from 1989-1993. In 1994 he became Sr. Vice President and Chief Financial Officer of Contour Energy Company (and its predecessors) where he served until 1997. In 1997, he became Sr. Vice President and Chief Financial Officer of Bellwether Exploration Company. Mr. Rankin is a Certified Public Accountant and holds a Bachelor's degree in Accounting from the University of Arkansas.

Michael Y. McGovern, age 61, Director since September 2010. Michael Y. McGovern has over 30 years of experience in the oil and gas business and currently serves as the Chairman and Chief Executive Officer of Sherwood Energy, LLC and Executive Advisor to Cadent Energy Partners. Mr. McGovern also currently serves on the boards of directors of Vermillion Bay Exploration, Inc., WestFire, Inc., Array Holdings, Inc., Sonneborn, Inc. and Cactus Wellhead, LLC. Mr. McGovern served as the Chief Executive Officer of Pioneer Companies from 2002 to 2007, two years of which he also served as the Chairman. Mr. McGovern holds a Bachelor of Science degree in Business from Centenary College. The Nominating, Corporate Governance and Ethics Committee, in reviewing and assessing Mr. McGovern's extensive background in the oil and natural gas industry, particularly as an industry executive, determined that he provides our Board with a valuable management background for the



execution of the Company's strategy. Mr. McGovern was nominated pursuant to an agreement with Sherwood Energy LLC. The agreement was entered into in connection with Sherwood's acquisition of preferred stock and requires that we nominate Mr. McGovern if so instructed by Sherwood. Mr. McGovern was appointed as our Chairman of the Board as of April 30, 2012.

Gary S. Weber,  
age 60,  
Director since  
September 2010.

Gary S. Weber has over 36 years of experience in the oil and gas business. Mr. Weber served as the Vice President - Engineering and Acquisitions of SG Interests from 1994 until his retirement in 2005. Mr. Weber served as the Exploration Manager of IP Petroleum from 1987 to 1994. Mr. Weber served as the Vice President - Exploration of Henry Petroleum from 1984 to 1986. Mr. Weber served as the Exploration Manager and Partner of Pinion Exploration in 1984. Mr. Weber served as the Vice President - Exploration of High Plains Exploration from 1981 to 1983. Mr. Weber began his career as a Geologist, Exploration Manager, and Assistant to the President of Houston Oil & Minerals from 1974 to 1981. Mr. Weber holds a Bachelor of Science degree in Geology from the University of Texas. The Nominating, Corporate Governance and Ethics Committee, in reviewing and assessing Mr. Weber's extensive background in the oil and natural gas industry, particularly as a geologist and operations executive in the coalbed methane industry, determined that he provides our Board with a valuable technical and management perspective for the execution of the Company's strategy. Mr. Weber was nominated pursuant to an agreement with Sherwood Energy LLC. The agreement was entered into in connection with Sherwood's acquisition of preferred stock and requires that we nominate Mr. Weber if so instructed by Sherwood.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR EACH OF THE NOMINEES SET FORTH ABOVE.**

**CORPORATE GOVERNANCE AND OTHER BOARD MATTERS**

**Board Independence**

The Board has determined that each of the following directors and director nominees is independent as defined by Rule 5605(a) (2) of the listing standards of NASDAQ:

- James C. Crain
  
- Robert E. Creager
  
- Stanley L. Graves
  
- Charles D. Haynes
  
- W. Howard Keenan, Jr.
  
- Michael Y. McGovern
  
- Gary S. Weber

The Board has determined that each of the current members of the Audit Committee, the Nominating, Corporate Governance and Ethics Committee and the Compensation Committees of the Board of Directors is independent within the rules set forth in the listing standards of NASDAQ.

The Board has also determined that William C. Rankin is not independent as defined by Rule 5605(a) (2) of the listing standards of NASDAQ. The Board has determined that not all of the members of the Executive Committee during 2011 were independent within the rules set forth in the listing standards of NASDAQ.

## **Board Structure and Committee Composition**

As of the date of this proxy statement, the Board has eight directors and the following five committees: the Audit Committee, the Compensation Committee, the Nominating, Corporate Governance and Ethics Committee, the Executive Committee and the Reserves Sub-Committee. The membership and function of each committee is described below. Each of the committees operates under a written charter adopted by the Board of Directors. A copy of each committee charter is available under the Corporate Governance Governance Documentation section of the Company's website at <http://www.geometinc.com>. Printed copies of any of the committee charters may be obtained upon request addressed to our Corporate Secretary, GeoMet, Inc., 909 Fannin St., Suite 1850, Houston, Texas 77010.

### *Board Leadership*

Historically, our Board combined the role of Chairman of the Board ( Chairman ) with the role of Chief Executive Officer ( CEO ) because it believed that this structure provided an efficient and effective leadership model for the Company. Combining the Chairman and CEO roles fostered clear accountability, effective decision-making and alignment on corporate strategy. Our Board also believed that the Company was able to most effectively execute its business strategies and plans if the Chairman was also a member of the management team. Our Board recognizes that no single leadership model is right for all companies and at all times and that, depending on the circumstances, other leadership models, such as a separate independent chairman of the board, might be appropriate.

In order to better deal with the challenges brought on by historically low gas prices and to assist in the executive management transitions, our Board of Directors determined to separate the positions of Chairman of the Board and Chief Executive Officer and appointed Mr. McGovern as Chairman of the Board and William C. Rankin as Chief Executive Officer on April 30, 2012.

### *Audit Committee*

The current members of the Audit Committee are Robert E. Creager (Chairman), James C. Crain, and Stanley L. Graves, each of whom meets the independence requirements of NASDAQ and SEC rules. The members of the Audit Committee during fiscal 2011 were James C. Crain, Stanley L. Graves, J. Hord Armstrong, III (Chairman) through April 6, 2011, and Robert E. Creager (Chairman) subsequent to April 6, 2011, each of whom met the independence requirements of NASDAQ and SEC rules.

The Audit Committee met five times during fiscal 2011, either in person or by telephone. The role of the Audit Committee is to appoint our independent auditors and to review, with our auditors, the scope of the audit procedures to be applied in the conduct of the annual audit as well as the results of the annual audit. The Audit Committee works closely with management as well as the Company's independent registered public accounting firm. A complete description of the Audit Committee's responsibilities is

available under the Corporate Governance Governance Documentation section of the Company's website at <http://www.geometinc.com>.

The Board of Directors determined that J. Hord Armstrong, III through April 6, 2011, and Robert E. Creager (Chairman) subsequent to April 6, 2011, was the audit committee financial expert of the Board, as defined in the rules established by NASDAQ and the SEC during fiscal 2011.

#### *Compensation Committee*

The current members of the Compensation Committee, appointed by our Board in September 2010, are Stanley L. Graves (Chairman), Charles D. Haynes, and Gary S. Weber, each of whom meets the independence requirements of NASDAQ and SEC rules. The Compensation Committee met three times during fiscal 2011, either in person or by telephone. The role of the Compensation Committee is to review the performance of officers, including those officers who are also members of the Board, and to review and approve their compensation. The Compensation Committee also supervises and administers the Company's 2006 Long-Term Incentive Plan and all other compensation and benefit policies, practices and plans of the Company and recommends Board approval of the compensation program applicable to outside directors of the Company.

#### *Nominating, Corporate Governance and Ethics Committee*

The current members of the Nominating, Corporate Governance and Ethics Committee, appointed by the Board on April 7, 2011, are James C. Crain (Chairman), Robert E. Creager, and Michael Y. McGovern, each of whom meet the independence requirements of the applicable NASDAQ and SEC rules. The members of the Nominating, Corporate Governance and Ethics Committee until April 6, 2011 were J. Hord Armstrong, III (Chairman), Stanley L. Graves and James C. Crain, each of whom met the independence requirements of the applicable NASDAQ and SEC rules.

The Nominating, Corporate Governance and Ethics Committee met three times during fiscal 2011 to, among other things, consider and recommend to the Board the slate of directors that were nominated by the Board to stand for re-election at the 2011 annual meeting of Stockholders. The Nominating, Corporate Governance and Ethics Committee assists the Board by identifying individuals qualified to become Board members, advises the Board concerning Board membership, leads the Board in an annual review of director independence within the rules set forth in the listing standards of NASDAQ, and recommends director nominees to the Board.

#### *Executive Committee*

The Board established an Executive Committee by a resolution adopted by the entire Board during 2006. The members of the Executive Committee during 2011 were J. Darby Seré, Michael Y. McGovern, and W. Howard Keenan, Jr. On April 3, 2012, the Board appointed James C. Crain and Stanley L. Graves to replace Mr. Seré and Mr. Keenan on the Executive Committee. As of that date, all of the members of the Executive Committee met the independence requirements of the applicable NASDAQ and SEC rules. The Executive Committee has the authority during the intervals between the meetings of the Board to exercise all the powers of the Board in the management of the business and affairs of the Company, except for matters relating to amending the certificate of incorporation of the Company, adopting an agreement of merger or consolidation, recommending to the stockholders of the Company the sale, lease or exchange of all or substantially all of the Company's property or assets, recommending to the stockholders the dissolution of the Company or a revocation of a dissolution of the

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Company, amending, altering or repealing the Company's bylaws or adopting new bylaws, or otherwise acting in events specified by the Delaware General Corporation Law that call for Board action. The Executive Committee did not meet during fiscal 2011.

### *Reserves Subcommittee*

The Board formally established a Reserves Subcommittee of the Audit Committee in the third quarter of 2010 and appointed Charles D. Haynes, Chairman, Stanley L. Graves and Gary S. Weber, each of whom has experience in reserve evaluations, as members of the Subcommittee. The Reserves Subcommittee had been functioning informally and reporting to the Audit Committee with Messrs. Haynes and Graves as members since the first quarter of 2008. The responsibility of the Reserves Subcommittee is to oversee the reserves estimating and reporting process. The Reserves Subcommittee met four times in 2011.

### *Meeting Attendance*

Our Board of Directors held a total of 12 meetings during fiscal 2011, either in person or by telephone. Each of our directors attended at least 75% of the total meetings of the Board and each committee on which he served during his time of service on our Board in 2011.

## **Code of Business Conduct and Ethics**

All of our employees, including our executive officers and directors, are subject to our Code of Business Conduct and Ethics, which is also available under the Corporate Governance Governance Documentation section of our website at <http://www.geometinc.com>. Printed copies of our Code of Business Conduct and Ethics may be obtained upon request addressed to our Corporate Secretary, GeoMet, Inc. 909 Fannin St., Suite 1850, Houston, Texas 77010.

## **Consideration of Director Nominees**

### *Stockholder Nominees*

The policy of the Nominating, Corporate Governance and Ethics Committee is to consider properly submitted nominations for candidates for membership on the Board, as described below under Identifying and Evaluating Nominees for Directors. In evaluating such nominations, the Nominating, Corporate Governance and Ethics Committee shall address the membership criteria adopted by the Board as described below in Director Qualifications. Any stockholder director nomination proposed for consideration by the Nominating, Corporate Governance and Ethics Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Nominating, Corporate Governance and Ethics Committee

c/o Corporate Secretary

GeoMet, Inc.

909 Fannin St., Suite 1850

Houston, Texas 77010

### *Director Qualifications*

The Board has adopted criteria that apply to nominees recommended by the Nominating, Corporate Governance and Ethics Committee for a position on the Company's Board. The Company believes it is important to have represented on the Board strong business experience and expertise and, in particular, experience and expertise with regard to exploration and production of oil and natural gas, financial reporting, risk management and business strategy. In selecting candidates for service on the Board, in addition to skills and experience, the Nominating, Corporate Governance and Ethics Committee considers the independence of the individual, availability of service to the Company (including any conflicts of interest), diversity and the Board's anticipated needs with regard to director expertise. The Nominating, Corporate Governance and Ethics Committee is responsible for recommending candidates for election or appointment to the Board, in accordance with the criteria, policies and principles set forth in its charter including consideration of candidates that provide a broad range of skills, abilities, diversity and other attributes that are necessary to successfully serve as a director.



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Neither our Board of Directors nor the Nominating, Corporate Governance and Ethics Committee has a formal written policy with regard to the consideration of diversity in identifying director nominees. Our Nominating, Corporate Governance and Ethics Committee, however, periodically reviews the composition of our Board and in doing so considers the overall balance of knowledge, experience, background, skills, expertise, integrity, and analytical ability among the members of our Board. The Nominating, Corporate Governance and Ethics Committee takes into account diversity in professional experience, skills and background, and diversity in race and gender, in considering individual director candidates. Any search firm retained to assist the Nominating, Corporate Governance and Ethics Committee in seeking candidates for the Board will affirmatively be instructed to seek to include diverse candidates from traditional and nontraditional candidate groups.

### *Identifying and Evaluating Nominees for Directors*

The Nominating, Corporate Governance and Ethics Committee utilizes a variety of methods for identifying and evaluating nominees for director. Upon the need to add a new director or fill a vacancy on the Board, the Nominating, Corporate Governance and Ethics Committee will consider prospective candidates. Candidates for director may come to the attention of the Nominating, Corporate Governance and Ethics Committee through current Board members, professional search firms, stockholders, or other persons as provided by the charter of the Nominating, Corporate Governance and Ethics Committee. As described above, the Nominating, Corporate Governance and Ethics Committee considers properly submitted stockholder nominations for candidates to the Board. Following verification of stockholder status of persons proposing candidates, recommendations are aggregated and considered by the Nominating, Corporate Governance and Ethics Committee along with the other recommendations. In evaluating such nominations, the Nominating, Corporate Governance and Ethics Committee shall address the membership criteria adopted by the

Board as described above in Director Qualifications, which seeks to achieve diversity in knowledge, experience, and expertise on the Board.

### **Directors Attendance at Annual Meetings of Stockholders**

All of our directors are expected to attend each annual meeting of our stockholders. A director who is unable to attend the annual meeting, which it is understood will occur on occasion, is expected to notify the Chairman of the Board in advance of such meeting. Attendance at our annual meeting will be considered by our Nominating, Corporate Governance and Ethics Committee in assessing each director's performance. Last year, all directors attended our annual meeting of stockholders.

### **Stockholder Communications with the Board**

The Board provides a process for stockholders of the Company to send written communications to the entire Board. Stockholders of the Company may send written communications to the Board c/o Corporate Secretary, GeoMet, Inc., 909 Fannin St., Suite 1850, Houston, Texas 77010. All communications will be compiled by the Corporate Secretary of the Company and submitted to the Board on a periodic basis.

### **Report of the Audit Committee**

To the Stockholders of GeoMet, Inc.:

The Audit Committee of the Board of Directors oversees the financial reporting process of the Company on behalf of the Board of Directors. Management has the primary responsibility for the financial reporting process, including the Company's system of internal controls and the preparation of the Company's consolidated audited financial statements in accordance with accounting principles generally accepted in the United States of America. The Company's independent registered public accounting firm is responsible for auditing those consolidated financial statements. The Audit Committee's responsibility is to monitor and review these processes.

The Audit Committee is also responsible for overseeing the Reserves Subcommittee, which is comprised of two or more independent directors of the Company. The primary responsibility of the Reserves Subcommittee is to assist the Audit Committee and the Board of Directors in reviewing and assessing the Company's policies and procedures and reasonableness of estimating proved reserves.

It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. Members of the Audit Committee are not employees of the Company and do not represent themselves to be or to serve as accountants or auditors by profession or experts in the fields of accounting or auditing. As a result, the Audit Committee has relied, without independent verification, on management's representation that the consolidated audited financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the representations of the independent auditors included in their report on the Company's consolidated audited financial statements.

In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the consolidated audited financial statements included in the Company's Annual Report referred to below, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated audited financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of those consolidated audited financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under auditing standards generally accepted in the United States of America. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 114, The Auditor's Communication with those Charged with Governance. The Audit Committee has also discussed with the independent registered public accounting firm the auditors' independence from management and the Company, including the matters in the written disclosures and letter received from the independent registered public accounting firm as required by the Public Company Accounting Oversight Board and has discussed the independent accountant's independence and considered the compatibility of non-audit services with the auditor's independence.

The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's consolidated audited financial statements are presented in accordance with accounting principles generally accepted in the United States of America, that the audit of the Company's consolidated financial statements has been carried out in accordance with auditing standards generally

accepted in the United States of America or that the Company's independent registered public accounting firm is in fact independent.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audits. The Audit Committee has met with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee held five meetings during fiscal year 2011 and all members of the Audit Committee were in attendance either in person or telephonically. In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the consolidated audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the Securities and Exchange Commission. The Audit Committee has selected Hein & Associates LLP as the Company's independent registered public accounting firm.

#### **AUDIT COMMITTEE**

Robert E. Creager, Chairman

James C. Crain

Stanley L. Graves

The above report of the Audit Committee and the information disclosed above related to Audit Committee independence under the heading "Board Independence" shall not be deemed to be soliciting material or to be filed with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), and such information shall not be deemed to be incorporated by reference into any filing made by the Company under the Exchange Act or under the Securities Act of 1933 (the "Securities Act").

#### **Risk Oversight**

Like all businesses, we face risks in our business activities. Many of these risks are discussed under the caption "Risk Factors" in our current Form 10-K filed with the SEC. Our Board of Directors has oversight of our risk management program, working directly with senior management. Our senior management, subject to board oversight, is responsible for ensuring that our risk management program, comprised of strategic, operational, financial, and legal risk identification and prioritization, is reflected in the Company's policies and actions. The Company's senior management, subject to board oversight, is also responsible for day to day risk management and implementation of Company risk management policies.

In addition, our Audit Committee considers our practices regarding risk assessment and risk management, reviews our contingent liabilities, reviews our oil and natural gas reserve estimation practices, as well as major legislative and regulatory developments that could affect us. Our Audit Committee also oversees our code of business conduct, and responses to any alleged violations of our policies made by whistleblowers. We have established a Reserves Subcommittee of our Audit Committee which oversees the mitigation of the risks in the reserve estimation process. Our Compensation Committee reviews and attempts to mitigate risks which may result from our compensation policies, including working directly with senior management to determine whether such programs improperly encourage management to take risks relating to the business and/or whether risks arising from our compensation programs are likely to have a material adverse effect on the Company.

**Principal Accountant Fees and Services**

During the fiscal years ended December 31, 2011 and 2010, the Audit Committee retained Deloitte & Touche LLP ( Deloitte ) to provide services to us in the following categories and amounts.

*Audit Fees*

The aggregate fees paid or to be paid to Deloitte for the review of the consolidated financial statements included in our quarterly reports on Form 10-Q and the audit of the consolidated financial statements included in the annual report on Form 10-K for the fiscal years ended December 31, 2011 and 2010 were \$575,000 and \$633,000, respectively.

*All Other Fees*

The aggregate fees paid or to be paid to Deloitte for services other than audit fees for the fiscal year ended December 31, 2011 were \$115,000 and were primarily related to an acquisition. The aggregate fees paid or to be paid to Deloitte for services other than audit fees for the fiscal year ended December 31, 2010 were \$50,000 and were primarily related to a rights offering and backstop transaction completed in 2010.

*Pre-Approval Policies*

Under the terms of its charter, our Audit Committee is required to pre-approve all the services provided by, and fees and compensation paid to, the independent registered public accounting firm for both audit and permitted non-audit services. When it is proposed that the independent registered public accounting firm provide additional services for which advance approval is required, the Audit Committee may delegate authority to one or more designated members of the Audit Committee, when appropriate, with the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions are presented to the full Audit Committee at its next scheduled meeting. The pre-approval process includes assessing whether the services being provided maintain compliance with the SEC's rules on auditor independence.