

GeoMet, Inc.  
Form 424B3  
November 14, 2006  
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Filed pursuant to Rule 424(b)(3)

Registration Statement No. 333-131716

**PROSPECTUS SUPPLEMENT NO. 2**

**to prospectus dated July 27, 2006**

**10,250,000 Shares**

**Common Stock**

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The following information supplements the prospectus dated July 27, 2006 relating to the offer and sale by the selling stockholders identified in the prospectus of up to 10,250,000 shares of our common stock. This prospectus supplement includes our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which was filed with the U.S. Securities and Exchange Commission on November 13, 2006.

The information contained in such report is dated as of the date of such report. This prospectus supplement should be read in conjunction with the prospectus dated July 27, 2006, which is to be delivered with this prospectus supplement. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the prospectus dated July 27, 2006, including any supplements or amendments thereto.

**Investing in the shares involves risks and uncertainties. See Risk Factors beginning on page 10 of the prospectus dated July 27, 2006 and the risk factors included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.**

**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 supplement is November 14, 2006.**

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended September 30, 2006

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-52155

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**GeoMet, Inc.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

909 Fannin, Suite 1850

Houston, Texas 77010

(713) 659-3855

76-0662382  
(I.R.S. Employer  
Identification Number)

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(Address of principal executive offices and telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

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

As of November 7, 2006, there were 38,626,665 shares issued and outstanding of GeoMet, Inc.'s common stock, par value \$0.001 per share.

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**Table of Contents****Item 1. Financial Statements****GEOMET, INC. AND SUBSIDIARIES****Consolidated Balance Sheets****(Unaudited)**

	September 30, 2006	December 31, 2005
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,924,272	\$ 615,806
Accounts receivable	6,881,058	5,577,140
Current portion of notes receivable	79,701	310,210
Deferred tax asset		2,911,808
Derivative asset	1,743,220	
Other current assets	832,894	414,232
<b>Total current assets</b>	<b>12,461,145</b>	<b>9,829,196</b>
Gas properties utilizing the full cost method of accounting:		
Proved gas properties	289,875,036	229,519,222
Unevaluated gas properties, not subject to amortization	27,433,229	20,680,712
Other property and equipment	2,268,083	1,841,056
<b>Total property and equipment</b>	<b>319,576,348</b>	<b>252,040,990</b>
Less accumulated depreciation, depletion, and amortization	(20,836,288)	(15,392,300)
<b>Property and equipment net</b>	<b>298,740,060</b>	<b>236,648,690</b>
Other noncurrent assets:		
Note receivable	305,376	323,879
Derivative asset	1,292,046	
Other	697,600	1,107,234
<b>Total other noncurrent assets</b>	<b>2,295,022</b>	<b>1,431,113</b>
<b>TOTAL ASSETS</b>	<b>\$ 313,496,227</b>	<b>\$ 247,908,999</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 16,877,646	\$ 6,861,075
Derivative liability		8,931,926
Deferred tax liability	699,031	
Asset retirement liability	52,726	51,510
Accrued liabilities	1,993,170	1,265,989
Current portion of long-term debt	92,887	86,472
<b>Total current liabilities</b>	<b>19,715,460</b>	<b>17,196,972</b>
Long-term debt	41,847,302	99,926,378
Long-term derivative liability		2,611,592

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Asset retirement liability	2,230,886	1,838,663
Other long-term accrued liabilities		258,573
Deferred income taxes	42,924,305	30,654,545
<b>TOTAL LIABILITIES</b>	<b>106,717,953</b>	<b>152,486,723</b>
Minority interest	12,164	
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value authorized 10,000,000, none issued		
Common stock, \$0.001 par value authorized 125,000,000, and 40,000,000 shares; issued and outstanding 38,626,665 and 29,974,664 at September 30, 2006 and December 31, 2005, respectively	38,627	29,975
Paid-in capital	186,684,645	106,408,915
Accumulated other comprehensive income	341,444	56,310
Retained earnings	20,125,775	6,443,928
Less notes receivable	(424,381)	(17,516,852)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>206,766,110</b>	<b>95,422,276</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 313,496,227</b>	<b>\$ 247,908,999</b>

See accompanying Notes to Consolidated Financial Statements.

**Table of Contents****GEOMET, INC. AND SUBSIDIARIES****Consolidated Statements of Operations and Comprehensive Income****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues:</b>				
Gas sales	\$ 10,968,436	\$ 10,542,159	\$ 33,419,380	\$ 24,240,126
Gas marketing	5,028,774		5,028,774	
Operating fees and other		3,848		375,509
<b>Total revenues</b>	<b>15,997,210</b>	<b>10,546,007</b>	<b>38,448,154</b>	<b>24,615,635</b>
<b>Expenses:</b>				
Purchased gas	4,975,840		4,975,840	
Lease operating expense	2,509,875	2,317,593	8,183,527	6,211,819
Compression and transportation expense	1,040,660	850,620	3,172,298	2,331,618
Production taxes	259,915	230,802	764,852	518,556
Depreciation, depletion and amortization	2,168,456	1,028,630	5,748,942	3,377,617
Research and development	16,162	211,056	114,554	531,314
General and administrative	1,952,510	721,535	4,408,090	2,277,153
Realized (gains) losses on derivative contracts	(551,475)	2,152,429	(395,271)	2,288,724
Unrealized (gains) losses on derivative contracts	(4,134,128)	19,163,601	(14,578,784)	21,833,559
<b>Total operating expenses</b>	<b>8,237,815</b>	<b>26,676,266</b>	<b>12,394,048</b>	<b>39,370,360</b>
<b>Income (loss) from operations</b>	<b>7,759,395</b>	<b>(16,130,259)</b>	<b>26,054,106</b>	<b>(14,754,725)</b>
<b>Other income (expense):</b>				
Interest income	6,938	7,487	25,151	33,317
Interest expense (net of amounts capitalized)	(738,501)	(1,053,783)	(2,367,640)	(2,533,769)
Other	(22,867)	(6,952)	(4,598)	(6,952)
<b>Total other expense</b>	<b>(754,430)</b>	<b>(1,053,248)</b>	<b>(2,347,087)</b>	<b>(2,507,404)</b>
<b>Income (loss) before income taxes and minority interest, net of income tax</b>	<b>7,004,965</b>	<b>(17,183,507)</b>	<b>23,707,019</b>	<b>(17,262,129)</b>
Income tax expense (benefit)	2,765,272	(5,840,868)	10,013,008	(5,842,601)
<b>Net income (loss) before minority interest, net of income tax</b>	<b>4,239,693</b>	<b>(11,342,639)</b>	<b>13,694,011</b>	<b>(11,419,528)</b>
Minority interest loss (earnings), net of income tax	12,164		12,164	(442,336)
<b>Net income (loss)</b>	<b>\$ 4,227,529</b>	<b>\$ (11,342,639)</b>	<b>\$ 13,681,847</b>	<b>\$ (10,977,192)</b>
<b>Other comprehensive income, net of income taxes</b>				
Foreign currency translation adjustment, net of income tax of \$0	45,481	85,490	285,134	67,951
<b>Comprehensive income (loss)</b>	<b>\$ 4,273,010</b>	<b>\$ (11,257,149)</b>	<b>\$ 13,966,981</b>	<b>\$ (10,909,241)</b>
<b>Net income (loss) per common share:</b>				
Basic	\$ 0.11	\$ (0.41)	\$ 0.40	\$ (0.40)

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Diluted	\$	0.11	\$	(0.41)	\$	0.39	\$	(0.40)
Weighted average number of common shares:								
Basic		36,921,141		27,664,973		33,799,293		27,555,076
Diluted		37,770,453		27,664,973		34,801,578		27,555,076