

TRI VALLEY CORP
Form 8-K/A
December 21, 2005

As filed with the Securities and Exchange Commission on December 21, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 3 TO

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

May 6, 2005

Tri-Valley Corporation

(Exact name of registrant as specified in its charter)

Delaware

001-31852

84-0617433

(State or other jurisdiction of

(Commission File
Number)

(IRS Employer

incorporation or
organization)

Identification No.)

5555 Business Park South, Suite 200

Bakersfield, California 93309

(Address of principal executive office)

Issuer's telephone number: **661-864-0500**

Section 2

Item 2.01 Completion of Acquisition or Disposition of Assets

Acquisition of Pleasant Valley Energy Corporation

On May 6, 2005, Tri-Valley Corporation completed the acquisition of Pleasant Valley Energy Corporation, a recently formed corporation. The acquisition was accomplished by means of a merger of Pleasant Valley Energy into a new, wholly owned subsidiary of Tri-Valley which was created for the purpose of completing the merger. After the merger, Pleasant Valley Energy continues its existence as a wholly owned subsidiary of Tri-Valley.

The consideration for the merger consisted of 200,000 shares of Tri-Valley common stock, which was exchanged for all of the outstanding equity securities of Pleasant Valley. The closing market price of Tri-Valley's common stock on the American Stock Exchange on May 6, the date of the merger, was \$12.32 per share. In addition, on the closing date, Tri-Valley, through Pleasant Valley, paid \$500,000 to the sole shareholder of Petrawest as consideration for assignment to Pleasant Valley of a net profits interest in certain oil and gas properties.

Prior to the merger, Pleasant Valley Energy was a wholly owned subsidiary of Petrawest Ltd., a Nevada limited liability company. Prior to the merger, neither Petrawest nor any of its officers, directors or shareholders had any relationship with Tri-Valley or any of its officers, directors or shareholders, and the merger terms and consideration were determined in arms' length negotiations between the parties.

Pleasant Valley's sole business is to own non-producing oil and gas properties in California that Tri-Valley intends to develop. It has no employees and no operations. Tri-Valley acquired the company in order to develop Pleasant Valley's properties. Under the terms of an assignment of oil and gas leases to Pleasant Valley by Petrawest, Pleasant Valley has agreed to invest at least \$5,000,000 over the next two years in oil and gas operations on the property assigned to Pleasant Valley by Petrawest. Tri-Valley expects that any funds to be used by

Pleasant Valley to fulfill its operating expenditure commitment will come from investments by Tri-Valley or Tri-Valley's venture partners.

Tri-Valley is attempting to acquire additional oil and gas leases in the area of interest where Pleasant Valley's properties are located, and therefore Tri-Valley has not released any information on the location or other characteristics of Pleasant Valley's properties.

In connection with the merger, Tri-Valley has entered into a consulting agreement with the owner of Petrawest. The consulting agreement provides for Tri-Valley to pay a total of \$75,000 to the consultant for services over an 18 month period.

The shares of Tri-Valley's common stock that were issued to Petrawest in the exchange offer are all restricted securities as that term is defined in Rule 144 of the Securities and Exchange Commission. These shares were issued in reliance on the exemption from securities registration requirements contained in Section 4(2) of the Securities Act of 1933.

(c) Exhibits

- 99.1 Tri-Valley Corporation and Pleasant Valley Energy Corporation - Financial Statements with Independent Auditor's Report - Year Ended December 31, 2004

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Tri-Valley Corporation

/s/ Arthur M. Evans

Date: December 21, 2005

Arthur M. Evans, Chief Financial Officer

EXHIBIT 99.1

TRI-VALLEY CORPORATION

PLEASANT VALLEY ENERGY CORPORATION

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2004

TRI-VALLEY CORPORATION

PLEASANT VALLEY ENERGY CORPORATION

DECEMBER 31, 2004

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McCown Starbuck & Keeter

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of

Tri-Valley Corporation

Bakersfield, California

We have audited the accompanying balance sheet of Pleasant Valley Energy Corporation, as described in Note 1, for the year ended December 31, 2004. These financial statements are the responsibility of management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Pleasant Valley Energy Corporation, for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

BROWN ARMSTRONG PAULDEN

McCOWN STARBUCK & KEETER

ACCOUNTANCY CORPORATION

Bakersfield, California

July 13, 2005

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MEMBER of SEC Practice Section of the American Institute of Certified Public Accountants

PLEASANT VALLEY ENERGY CORPORATION

BALANCE SHEET

YEAR ENDED DECEMBER 31, 2004

Three Months
 Ended Year Ended
 March 31, 2005 December 31,
 (Unaudited) 2004

Assets

| | | | | |
|--------------------|----|--------|----|--------|
| Oil and Gas Leases | \$ | 27,000 | \$ | 27,000 |
| | | | | |
| Total Assets | \$ | 27,000 | \$ | 27,000 |

Liabilities and Shareholders' Equity

| | | | | |
|--|----|--------|----|--------|
| Equity | \$ | 27,000 | \$ | 27,000 |
| | | | | |
| Total Liabilities and Shareholders' Equity | \$ | 27,000 | \$ | 27,000 |

See accompanying notes to this financial statement

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TRI-VALLEY CORPORATION

PLEASANT VALLEY ENERGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE 1 - THE PROPERTIES

The accompanying balance sheet represents the financial position attributable to the properties acquired by the Company from Pleasant Valley Energy Corporation (PVCO). Tri-Valley acquired the properties for approximately \$1.7 million with an effective date of May 7, 2005. At the time of purchase, PVCO had not developed the property and all reserve estimates on the property are undeveloped. The Company intends to use the property for exploration, development and production of oil. The acquired properties and their related operations are included in Tri-Valley's financial statements from the date of closing.

NOTE 2 - BASIS OF PRESENTATION

The historical financial statements reflecting the results of operations and cash flows required by accounting principles generally accepted in the United States of America are not presented, since such information is neither readily available on an individual property basis nor meaningful for the properties acquired because the entire acquisition cost is being assigned to oil and gas properties. Furthermore, the Company omitted the statements of revenues and direct operating expenditures as the property purchased was non-producing and has not yet been developed.

NOTE 3 - CONTINGENT LIABILITIES

Given the nature of the properties acquired and as stipulated in the purchase agreement, Tri-Valley is subject to loss contingencies, if any, pursuant to existing or expected environmental laws, regulations and leases covering the acquired properties.

SUPPLEMENTARY INFORMATION

TRI-VALLEY CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2004

Tri-Valley

| Historical | Adjustments | Pro Forma |
|------------|-------------|-----------|
|------------|-------------|-----------|

Assets

Current Assets

| | | | |
|----------------------------|---------------|------|---------------|
| Cash | \$ 11,812,920 | \$ - | \$ 11,812,920 |
| Accounts Receivable, Trade | 192,008 | - | 192,008 |
| Advance Receivable | 150,000 | - | 150,000 |
| Prepaid Expenses | 96,056 | - | 96,056 |
| | | | |
| Total Current Assets | 12,250,984 | - | 12,250,984 |

Property and Equipment, Net

| | | | |
|-----------------------------------|-----------|-----------|-------------|
| Proved Properties | 131,382 | 1,656,000 | A 1,787,382 |
| Unproved Properties | 1,381,667 | - | 1,381,667 |
| Other Property and Equipment | 265,159 | - | 265,159 |
| | | | |
| Total Property and Equipment, Net | 1,778,208 | 1,656,000 | 3,434,208 |

Other Assets

| | | | |
|----------|---------|---|---------|
| Deposits | 200,407 | - | 200,407 |
|----------|---------|---|---------|

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| | | | |
|-----------------------------|---------------|--------------|---------------|
| Investments in Partnerships | 17,400 | - | 17,400 |
| Goodwill | 212,414 | - | 212,414 |
| Other | 13,913 | - | 13,913 |
| | | | |
| Total Other Assets | 444,134 | - | 444,134 |
| | | | |
| Total Assets | \$ 14,473,326 | \$ 1,656,000 | \$ 16,129,326 |

Liabilities and Shareholders' Equity

Current Liabilities

| | | | |
|---|-----------|------|-----------|
| Notes Payable | \$ 9,985 | \$ - | \$ 9,985 |
| Accounts Payable and Accrued Expenses | 1,237,848 | - | 1,237,848 |
| Amounts Payable to Joint Venture Participants | 100,115 | - | 100,115 |
| Advances from Joint Venture Participants, Net | 6,321,676 | - | 6,321,676 |

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| | | | |
|--|-------------|-------------|-------------|
| Total Current Liabilities | 7,669,624 | - | 7,669,624 |
| Non-Current Liabilities | | | |
| Long-Term Portion of Notes Payable | 6,799 | - | 6,799 |
| Total Liabilities | 7,676,423 | - | 7,676,423 |
| Shareholders' Equity | | | |
| Common Stock, \$.001 Par Value; 100,000,000 | | | |
| Shares Authorized; 21,836,052 Issued and | | | |
| Outstanding at December 31, 2004 | 21,836 | 200 B | 22,036 |
| Less: Common Stock in Treasury, at Cost, | | | |
| 100,025 Shares at December 31, 2004 | (13,370) | - | (13,370) |
| Subscription Receivable | (750) | - | (750) |
| Capital in Excess of Par Value | 15,125,607 | 1,655,800 B | 16,781,407 |
| Accumulated Deficit | (8,336,420) | - | (8,336,420) |

| | | | |
|--|---------------|--------------|---------------|
| Total Shareholders' Equity | 6,796,903 | 1,656,000 | 8,452,903 |
| Total Liabilities and Shareholders' Equity | \$ 14,473,326 | \$ 1,656,000 | \$ 16,129,326 |

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TRI-VALLEY CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2004

| | Tri-Valley | | |
|---------------------|------------|-------------|------------|
| | Historical | Adjustments | Pro Forma |
| Revenues | | | |
| Sale of Oil and Gas | \$ 799,474 | \$ - | \$ 799,474 |
| Royalty Income | 674 | - | 674 |

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| | | | |
|--|-----------|---|-----------|
| Partnership Income | 30,000 | - | 30,000 |
| Interest Income | 45,990 | - | 45,990 |
| Sale of Oil and Gas Prospects | 3,559,500 | - | 3,559,500 |
| Other Income | 63,032 | - | 63,032 |
| | | | |
| Total Revenues | 4,498,670 | - | 4,498,670 |
| | | | |
| Costs and Expenses | | | |
| Mining Exploration Costs | 1,029,898 | - | 1,029,898 |
| Oil and Gas Leases | 144,101 | - | 144,101 |
| Cost of Oil and Gas Prospects Sold | 2,224,793 | - | 2,224,793 |
| General and Administrative | 2,103,457 | - | 2,103,457 |
| Depreciation, Depletion and Amortization | 21,699 | - | 21,699 |
| Interest | 33,332 | - | 33,332 |
| Impairment of Acquisition Costs | 112,395 | - | 112,395 |
| | | | |
| Total Costs and Expenses | 5,669,675 | - | 5,669,675 |

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| | | | |
|------------------------------|-------------|---|-------------|
| Net Loss Before Income Taxes | (1,171,005) | - | (1,171,005) |
|------------------------------|-------------|---|-------------|

| | | | |
|---------------|---|---|---|
| Tax Provision | - | - | - |
|---------------|---|---|---|

| | | | |
|----------|----------------|------|----------------|
| Net Loss | \$ (1,171,005) | \$ - | \$ (1,171,005) |
|----------|----------------|------|----------------|

Basis and Diluted Earnings (Loss) per
Common

| | | |
|-----------------------------------|-----------|-----------|
| Share and Common Equivalent Share | \$ (0.06) | \$ (0.06) |
|-----------------------------------|-----------|-----------|

| | | |
|--|------------|------------|
| Weighted Average Number of Shares Outstanding | 20,507,342 | 20,507,342 |
|--|------------|------------|

TRI-VALLEY CORPORATION**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET****MARCH 31, 2005**

| | Tri-Valley | | |
|----------------------------|---------------|-------------|---------------|
| | Historical | Adjustments | Pro Forma |
| Assets | | | |
| Current Assets | | | |
| Cash | \$ 15,375,883 | \$ - | \$ 15,375,883 |
| Accounts Receivable, Trade | 413,211 | - | 413,211 |
| Advance Receivable | - | - | - |
| Note Receivable | 1,100,000 | - | 1,100,000 |
| Prepaid Expenses | 86,029 | - | 86,029 |

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| | | | |
|-----------------------------------|---------------|--------------|---------------|
| Total Current Assets | 16,975,123 | - | 16,975,123 |
| | | | |
| Total Property and Equipment, Net | 2,665,665 | 1,656,000 | 4,321,665 |
| | | | |
| Other Assets | | | |
| | | | |
| Deposits | 457,566 | - | 457,566 |
| | | | |
| Investments in Partnerships | 17,400 | - | 17,400 |
| | | | |
| Goodwill | 212,414 | - | 212,414 |
| | | | |
| Other | 13,913 | - | 13,913 |
| | | | |
| Total Other Assets | 701,293 | - | 701,293 |
| | | | |
| Total Assets | \$ 20,342,081 | \$ 1,656,000 | \$ 21,998,081 |

Liabilities and Shareholders' Equity

Current Liabilities

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| | | | |
|--|------------|-------|------------|
| Notes Payable | \$ 1,025 | \$ - | \$ 1,025 |
| Accounts Payable and Accrued Expenses | 1,248,414 | - | 1,248,414 |
| Amounts Payable to Joint Venture Participants | 158,838 | - | 158,838 |
| Advances from Joint Venture Participants, Net | 12,373,861 | - | 12,373,861 |
| | | | |
| Total Current Liabilities | 13,782,138 | - | 13,782,138 |
| | | | |
| Non-Current Liabilities | | | |
| | | | |
| Long-Term Portion of Notes Payable | 13,800 | - | 13,800 |
| | | | |
| Total Liabilities | 13,795,938 | - | 13,795,938 |
| | | | |
| Shareholders' Equity | | | |
| | | | |
| Common Stock, \$.001 Par Value; 100,000,000 | | | |
| | | | |
| Share Authorized; 22,247,052 Issued and | | | |
| | | | |
| Outstanding at March 31, 2005 | 22,247 | 200 B | 22,447 |

Less: Common Stock in Treasury, at Cost,

| | | | |
|--|---------------|--------------|---------------|
| 100,025 Shares at March 31, 2005 | (13,370) | - | (13,370) |
| Subscription Receivable | - | - | - |
| Capital in Excess of Par Value | 18,248,797 | 1,655,800 B | 19,904,597 |
| Accumulated Deficit | (11,711,531) | - | (11,711,531) |
| Total Shareholders' Equity | 6,546,143 | 1,656,000 | 8,202,143 |
| Total Liabilities and Shareholders' Equity | \$ 20,342,081 | \$ 1,656,000 | \$ 21,998,081 |

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TRI-VALLEY CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2005

Tri-Valley

| | Historical | Adjustments | Pro Forma |
|--|------------|-------------|-----------|
|--|------------|-------------|-----------|

Revenues

| | | | |
|---------------------|------------|------|------------|
| Sale of Oil and Gas | \$ 169,126 | \$ - | \$ 169,126 |
|---------------------|------------|------|------------|

| | | | |
|----------------|---|---|---|
| Royalty Income | - | - | - |
|----------------|---|---|---|

| | | | |
|--------------------|---|---|---|
| Partnership Income | - | - | - |
|--------------------|---|---|---|

| | | | |
|-----------------|--------|---|--------|
| Interest Income | 23,333 | - | 23,333 |
|-----------------|--------|---|--------|

| | | | |
|-------------------------------|---|---|---|
| Sale of Oil and Gas Prospects | - | - | - |
|-------------------------------|---|---|---|

| | | | |
|--------------|-------|---|-------|
| Other Income | 9,649 | - | 9,649 |
|--------------|-------|---|-------|

| | | | |
|----------------|---------|---|---------|
| Total Revenues | 202,108 | - | 202,108 |
|----------------|---------|---|---------|

Costs and Expenses

| | | | |
|--------------------------|-----------|---|-----------|
| Mining Exploration Costs | 2,198,246 | - | 2,198,246 |
|--------------------------|-----------|---|-----------|

| | | | |
|--------------------|--------|---|--------|
| Oil and Gas Leases | 20,215 | - | 20,215 |
|--------------------|--------|---|--------|

| | | | |
|--|---------|---|---------|
| Project Geology, Geophysics, Land and Administration | 192,407 | - | 192,407 |
|--|---------|---|---------|

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| | | | |
|---|----------------|------|----------------|
| General and Administrative | 1,146,628 | - | 1,146,628 |
| Depreciation, Depletion and Amortization | 19,376 | - | 19,376 |
| Interest | 347 | - | 347 |
| Impairment of Acquisition Costs | - | - | - |
| Total Costs and Expenses | 3,577,219 | - | 3,577,219 |
| Net Loss Before Income Taxes | (3,375,111) | - | (3,375,111) |
| Tax Provision | - | - | - |
| Net Loss | \$ (3,375,111) | \$ - | \$ (3,375,111) |
| Basis and Diluted Loss per Common Share | | | |
| and Common Equivalent Share | \$ (0.15) | \$ | (0.15) |
| Weighted Average Number of Shares Outstanding | 22,123,363 | | 22,143,363 |

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TRI-VALLEY CORPORATION

NOTES TO SUPPLEMENTARY INFORMATION

DECEMBER 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited pro forma balance sheets and statements of operations for the year ended December 31, 2004 and the three months ended March 31, 2005 present the operating results of the Company as if the acquisition had occurred at the beginning of each respective period. The pro forma results are based on the Company's historical balance sheet and statement of operations for each period presented. The unaudited pro forma statements may not be indicative of the results that actually would have occurred if the acquisition had been effective during the prior periods presented or of any future results. The pro forma financial statements should be reviewed in conjunction with the Company's historical financial statements for the respective periods.

NOTE 2 - PRO FORMA ADJUSTMENTS

The accompanying unaudited pro forma balance and statement of operations for the year ended December 31, 2004 and the quarter ended March 31, 2005 reflect the following adjustments.

- A) To record the acquisition of properties based on the purchase price paid for the acquired properties.

B) To record shares of Pleasant Valley Energy Corporation that were converted into Tri-Valley common stock. The Company issued 10 shares for every share of Pleasant Valley common stock. This resulted in a \$200 dollar increase in par value and a \$1,655,800 increase in additional paid in capital.