

GeoMet, Inc.  
Form 424B5  
July 29, 2010  
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Filed pursuant to Rule 424(b)(5)  
Registration No. 333-163193

**PROSPECTUS SUPPLEMENT**

*(To Prospectus Dated December 8, 2009)*

**Up to 4,000,000 Shares of Series A Convertible Redeemable Preferred Stock Issuable Upon  
Exercise of Rights to Subscribe for Such Shares at \$10.00 per Share**

We are distributing at no charge to holders of our common stock transferable subscription rights to purchase shares of our Series A Convertible Redeemable Preferred Stock, referred to herein as our preferred stock. You will receive one subscription right for every 9.8656905 shares of common stock owned at the close of business on July 26, 2010, subject to adjustment to eliminate fractional subscription rights. We are distributing subscription rights exercisable for up to an aggregate of 4,000,000 shares of our preferred stock.

Each whole subscription right will entitle you, as a holder of our common stock, to purchase one share of our preferred stock at a subscription price of \$10.00 per share. The subscription rights will expire if they are not exercised by 5:00 p.m., Eastern Time, on August 18, 2010, unless extended. We are not requiring a minimum subscription to complete the rights offering.

We have entered into an investment agreement with Sherwood Energy, LLC ( Sherwood ). Subject to the terms and conditions of the investment agreement Sherwood has agreed to purchase from us, at the rights offering subscription price, unsubscribed shares of our preferred stock in an amount that, when added to the number of shares purchased upon exercise of the subscription rights offered hereby, will result in aggregate gross proceeds to us of \$40.0 million. The purchase of any shares by Sherwood would be effected in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and, accordingly, would not be registered pursuant to the Registration Statement of which this prospectus supplement and accompanying prospectus forms a part. We refer to Sherwood as the backstop purchaser and to the purchase of shares of preferred stock by Sherwood pursuant to the investment agreement as the backstop transaction.

You should carefully consider whether to exercise your subscription rights before the expiration of the rights offering. All exercises of subscription rights are irrevocable. Our board of directors is making no recommendation regarding your exercise of the subscription rights.

The shares are being offered directly by us without the services of an underwriter or selling agent. Our common stock is traded on the Nasdaq Global Market under the symbol GMET. The subscription rights are transferable, and we have applied to list such subscription rights on the Nasdaq Global Market under the symbol GMETR. We also intend to apply to list our preferred stock on the Nasdaq Global Market under the symbol GMETP, however, no assurance can be made that the preferred stock will meet the requirements for listing. Each share of our preferred stock will be convertible into 7.692308 shares of our common stock and cash in lieu of a fractional common share. On July 26, 2010, the closing sales price for our common stock was \$1.03 per share. We urge you to obtain a current market price for the shares of our common stock before making any determination with respect to the exercise of your subscription rights.

**Exercising the subscription rights and investing in our preferred stock involves a high degree of risk. We urge you to carefully read the section of this prospectus supplement entitled Risk Factors, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, and all other information included or incorporated herein by reference in this prospectus supplement in its entirety before you decide whether to exercise your subscription rights.**

## Edgar Filing: GeoMet, Inc. - Form 424B5

	Per Share	Aggregate
Subscription Price	\$ 10.00	\$ 40,000,000
Estimated Expenses	\$ 0.55	\$ 2,200,000
Net Proceeds to Us	\$ 9.45	\$ 37,800,000

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

Stockholders who do not fully exercise their subscription rights will own, upon completion of the rights offering and backstop transaction, a smaller proportional interest in us than otherwise would be the case had they fully exercised their subscription rights. See Risk Factors Risks Related to the Rights Offering and our Preferred Stock If you do not exercise any of your subscription rights in the rights offering, you will suffer significant dilution in your percentage ownership of the Company in this prospectus supplement for more information.

If you have any questions or need further information about this rights offering, please call D.F. King & Co., Inc., our information agent for the rights offering, at (212) 269-5550 (call collect) or (800) 949-2583 (toll-free).

The date of this prospectus supplement is July 29, 2010

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

Unless otherwise stated or the context otherwise requires, the terms we, us, our, and the Company refer to GeoMet, Inc. and its consolidated subsidiaries.

You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different, or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction in which the offer or sale is not permitted. You should assume that the information in this prospectus supplement is accurate only as of the date on the front cover of this prospectus supplement, and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, in each case, regardless of the time of delivery of this prospectus supplement or any exercise of the subscription rights. Our business, financial condition, results of operations, and prospects may have changed since that date.

**QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING**

*The following are examples of what we anticipate will be common questions about the rights offering. The answers are based on selected information from this prospectus supplement and the documents incorporated by reference herein. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus supplement and the documents incorporated by reference herein contain more detailed descriptions of the terms and conditions of the rights offering and provide additional information about us and our business, including potential risks related to the rights offering, our preferred and common stock and our business.*

Exercising the subscription rights and investing in our preferred stock involves risks. We urge you to carefully read the section of this prospectus supplement entitled Risk Factors, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, and all other information included or incorporated herein by reference in this prospectus supplement in its entirety before you decide whether to exercise your subscription rights.

**What is a rights offering?**

A rights offering is a distribution of subscription rights on a *pro rata* basis to all stockholders of a company. We are distributing to holders of our common stock as of the close of business on July 26, 2010, the record date, at no charge, subscription rights to purchase shares of our preferred stock. You will receive one subscription right for every 9.8656905 shares of our common stock you owned at the close of business on the record date, subject to adjustment to eliminate fractional subscription rights. Stockholders owning less than 9.8656905 shares of common stock will receive one subscription right. The subscription rights will be evidenced by subscription rights certificates.

**What is a subscription right?**

Each whole subscription right gives our stockholders the opportunity to purchase one share of our preferred stock for \$10.00 per share, as described below.

**How many preferred shares may I purchase if I exercise my subscription rights?**

We are granting to you, as a stockholder of record on the record date, one subscription right for every 9.8656905 shares of our common stock you owned at that time, subject to adjustment to eliminate fractional subscription rights. We determined the number of shares of preferred stock to be issued in the rights offering

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(4,000,000) by dividing \$40.0 million, the amount of equity capital we desire to raise, by the selected subscription price of \$10.00 per share of preferred stock. We determined the number of subscription rights you will receive by dividing the number of shares of common stock outstanding on the record date by the number of shares of preferred stock to be issued in the rights offering. For example, if you owned 1,000 shares of our common stock on the record date and you were granted one subscription right for every 9.8656905 shares of our common stock you owned at that time, then you have the right to purchase 101 shares of our preferred stock for \$10.00 per share. You may exercise or sell any number of your subscription rights, or you may choose not to exercise any subscription rights.

If you hold your shares in street name through a broker, bank, or other nominee who uses the services of the Depository Trust Company, or DTC, then DTC will issue one subscription right to your nominee for every 9.8656905 shares of our common stock you own at the record date, subject to adjustments to eliminate fractional subscription rights. Each whole subscription right can then be used to purchase one share of preferred stock for \$10.00 per share. As in the example above, if you owned 1,000 shares of our common stock on the record date, you have the right to purchase 101 shares of preferred stock for \$10.00 per share.

### **Will fractional subscription rights be issued?**

No. We will not issue fractional subscription rights or cash in lieu of fractional subscription rights. Stockholders that beneficially own at least one share of our common stock, but less than ten shares of our common stock, will receive the right to purchase one share of our preferred stock. Otherwise, fractional subscription rights will be rounded down to the nearest whole number to ensure that we offer no more than 4,000,000 shares of preferred stock in the rights offering.

### **Why are we conducting the rights offering?**

We are conducting the rights offering to raise \$40.0 million in equity capital, which we will use to repay a portion of the amount outstanding under our existing credit facility and to pay a portion of the expenses of the rights offering and backstop transaction and our pending credit facility. A rights offering provides our stockholders the opportunity to participate in this transaction on a *pro rata* basis and, if all stockholders exercise their subscription rights, avoid dilution of their ownership interest in the Company.

### **How were the terms of the preferred stock determined?**

A special committee of our board of directors comprised of independent directors approved the subscription price, conversion price, dividend rate and other terms of our preferred stock after considering, among other things, (i) the opinion delivered by its financial advisor, Evercore Group, LLC ( Evercore ), that the financial terms of the rights offering, taken as a whole, are fair from a financial point of view to the Company; (ii) the availability and likely cost of capital from other potential sources of capital; and (iii) the terms under which Sherwood would be willing to backstop the rights offering. The \$10.00 subscription price is not intended to bear any relationship to the book value of our assets or our past operations, cash flows, losses, financial condition, net worth, or any other established criteria used to value securities. **The subscription price may not be indicative of the fair value of the preferred stock to be offered in the rights offering.**

### **Am I required to exercise any or all of the subscription rights I receive in the rights offering?**

No. You may exercise or sell any number of your subscription rights, or you may choose not to exercise any subscription rights. If you do not exercise any subscription rights or you sell all of your subscription rights, the number of shares of our common stock you own will not change. However, because 4,000,000 shares of our preferred stock will be issued if the rights offering and backstop transaction are completed and each share of preferred stock will be convertible initially into 7.692308 shares of our common stock, plus cash to eliminate fractional common shares, if you do not exercise any of your subscription rights, your percentage ownership in the Company will be significantly diluted after the completion of the rights offering and backstop transaction.

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### **How soon must I act to exercise my subscription rights?**

The subscription rights may be exercised beginning on the date of this prospectus supplement through the expiration date, which is August 18, 2010, at 5:00 p.m., Eastern Time, unless our board of directors extends such time after securing the prior written consent of the backstop purchaser. We believe it is unlikely that the backstop purchaser will consent to any such extension. If you elect to exercise any subscription rights, the subscription agent must actually receive all required documents and payments from you or your broker or nominee on or before the expiration date.

### **When will I receive my subscription rights certificate?**

Promptly after the date of this prospectus supplement, the subscription agent will send a subscription rights certificate to each registered holder of our common stock as of the close of business on the record date, based on our stockholder registry maintained by the transfer agent for our common stock. If you hold your shares of common stock in street name through a brokerage account, bank, or other nominee, you will not receive an actual subscription rights certificate. Instead, as described in this prospectus supplement, you must instruct your broker, bank, or nominee whether or not to exercise subscription rights on your behalf. If you wish to obtain a separate subscription rights certificate, you should promptly contact your broker, bank, or other nominee and request a separate subscription rights certificate. It is not necessary to have a physical subscription rights certificate to elect to exercise your rights if your shares are held by a broker, bank, or other nominee.

### **May I transfer my subscription rights?**

Yes. The subscription rights are transferable during the course of the subscription period. We have applied to list the subscription rights on the Nasdaq Global Market under the symbol GMETR beginning on or about July 29, 2010, through 4:00 p.m., Eastern Time on August 18, 2010, the scheduled expiration date of the rights offering. Stockholders wishing to transfer all or a portion of their subscription rights should allow sufficient time prior to the expiration date of the rights offering for the subscription rights to be transferred and exercisable by the transferee by the transferee's delivery of either the subscription rights certificate or a Notice of Guaranteed Delivery and compliance with the other requirements described herein. The subscription rights are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of any trading market for the subscription rights or the market value of the subscription rights.

### **Are there any conditions to the completion of the rights offering?**

We are not requiring a minimum subscription to complete the rights offering. However, the closing of the rights offering is conditioned upon, among other requirements, (i) the continued effectiveness of the registration statement of which this prospectus supplement and the accompanying prospectus is a part; (ii) consummation of the backstop commitment pursuant to the investment agreement with Sherwood and (iii) other customary conditions. See The Rights Offering Conditions to the Rights Offering.

### **How does the backstop commitment work?**

We have entered into the investment agreement with Sherwood, under which Sherwood has agreed to purchase from us, at the rights offering subscription price, unsubscribed shares of our preferred stock such that the aggregate gross proceeds of the rights offering and backstop transaction will be \$40.0 million. In exchange for the backstop commitment, we have agreed to pay Sherwood a backstop fee and to reimburse Sherwood for its out of pocket costs associated with the transaction. See The Rights Offering The Backstop Purchaser.

### **Why is there a backstop purchaser?**

We obtained the commitment of Sherwood under the investment agreement to ensure that, subject to the consummation of the rights offering, we would receive aggregate gross proceeds of \$40.0 million.

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### **Are there any conditions on the backstop purchaser's obligations to purchase shares?**

Yes. The backstop purchaser's obligations under the backstop commitment are subject to the satisfaction (or waiver by Sherwood) of specified conditions, including (i) the expiration of the rights offering; (ii) the appointment of Sherwood nominees to our board of directors immediately following the closing of the backstop transaction, (iii) the approval of the listing on the Nasdaq Global Stock Market of the common stock to be issued upon conversion of the preferred stock; and (iv) other customary conditions. See "The Rights Offering" and "The Backstop Purchaser."

### **When do the obligations of the backstop purchaser expire?**

Generally, the backstop commitment may be terminated by Sherwood if the rights offering has not been consummated prior to September 16, 2010. See "The Rights Offering" and "The Backstop Purchaser."

### **How will the rights offering affect the backstop purchaser's ownership of our common stock?**

On the record date for the rights offering, Sherwood did not beneficially own any of our outstanding common stock. The purchase of any shares by Sherwood pursuant to the investment agreement would be completed in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and accordingly, would not be registered pursuant to the Registration Statement of which this prospectus supplement and the accompanying prospectus form a part. If all of our stockholders exercise the subscription rights issued to them under this prospectus supplement (except Yorktown Energy Partners IV, L.P. ( "Yorktown" ) who has agreed with Sherwood not to exercise, assign or transfer its subscription rights with respect to 9,187,072 shares of common stock), Sherwood's beneficial ownership percentage of our outstanding common stock would be approximately 10.2%, after giving effect to this rights offering and the conversion of the preferred stock to common stock at the initial conversion ratio. If none of our stockholders exercise their subscription rights in the rights offering and Sherwood purchases 4,000,000 shares of our preferred stock pursuant to the investment agreement, Sherwood's ownership percentage of our outstanding common stock would be approximately 43.9%, after giving effect to this rights offering and the conversion of the preferred stock to common stock at the initial conversion price.

### **Can the board of directors amend, or extend the rights offering?**

Under the terms of the investment agreement, the expiration date of the rights offering may not be extended nor may the terms of the rights offering be amended without the prior written consent of Sherwood. We believe it is unlikely that Sherwood would agree to any such extension or amendment.

### **Has our board of directors made a recommendation to our stockholders regarding the exercise of rights under the rights offering?**

No. Our board of directors has not made, nor will it make, any recommendation to stockholders regarding the exercise of subscription rights under the rights offering. You should consult with your legal, tax and financial advisors prior to making your independent investment decision about whether or not to exercise your subscription rights. Stockholders who exercise subscription rights risk investment loss on new money invested. We cannot assure you that the market price for our preferred stock will remain above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. If you do not exercise or sell your subscription rights, you will lose any value represented by your subscription rights, and if you do not exercise your subscription rights in full, your percentage ownership interest in the Company will be diluted. For more information on the risks of participating in the rights offering, see the section of this prospectus supplement entitled "Risk Factors." Although each member of our board of directors has indicated his intent to exercise some or all of the subscription rights he will receive in the rights offering to the extent he has available resources, you should not view the board members' intentions nor the commitment of the backstop purchaser as a recommendation or other indication, by them or any member of our board of directors, that you should sell or exercise your subscription rights.

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### **Do I have any oversubscription rights?**

No. Any stockholder desiring to purchase more preferred stock than such stockholder is entitled to by the subscription rights received by such stockholder in the rights offering would have to purchase additional subscription rights in the market during the trading period for the rights, to the extent any such subscription rights are available for purchase.

### **How do I exercise my subscription rights? What forms and payment are required to purchase the shares of preferred stock?**

If you wish to participate in the rights offering, you must take the following steps, unless your shares are held by a broker, bank, or other nominee:

deliver payment to the subscription agent using the methods outlined in this prospectus supplement; and

deliver a properly completed subscription rights certificate or a Notice of Guaranteed Delivery to the subscription agent before 5:00 p.m., Eastern Time, on August 18, 2010, unless the deadline is extended.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the subscription rights certificate, the payment received will be applied to exercise your subscription right to acquire the number of whole shares of preferred stock equal to the payment amount divided by \$10.00 with any remaining amount refunded to you. If the payment exceeds the subscription price for the full exercise of your subscription right, the excess will be refunded. You will not receive interest on any payments refunded to you under the rights offering.

If you are a holder of record and you wish to exercise your subscription rights but will be unable to deliver the subscription rights certificate prior to the expiration date, you may deliver a Notice of Guaranteed Delivery in accordance with this prospectus supplement. See The Rights Offering Notice of Guaranteed Delivery.

### **If I exercise my subscription rights, when will I receive my new shares?**

We will issue the shares for which subscriptions pursuant to your subscription rights have been properly received promptly following the closing of the rights offering and backstop transaction, if we have received a properly completed and executed subscription rights certificate, together with payment of the subscription price for each share of preferred stock subscribed for pursuant to your subscription right.

### **After I send in my payment and subscription rights certificate, may I change or cancel my exercise of subscription rights?**

No. All exercises of subscription rights are irrevocable. You should not exercise your subscription rights unless you are certain that you wish to purchase shares of our preferred stock at a price of \$10.00 per share. If the rights offering is terminated for any reason your payment will be promptly refunded, without interest.

### **What should I do if I want to participate in the rights offering, but my shares are held in the name of my broker, bank, or other nominee?**

If you hold your shares of our common stock in the name of a broker, bank, or other nominee, then your broker, bank, or other nominee is the record holder of the shares you own. The record holder must exercise the subscription rights on your behalf for the shares of preferred stock you wish to purchase.

If you wish to participate in the rights offering and purchase shares of preferred stock, please promptly contact the record holder of your common shares. We will ask your broker, bank, or other nominee to notify you of the rights offering. You should complete and return to your record holder the form entitled Beneficial Owner Election Form. You should receive this form from your record holder with the other rights offering materials.



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**How much money will the Company receive from the rights offering and backstop transaction?**

If the rights offering and backstop transaction are completed, we will receive aggregate gross proceeds of \$40.0 million. These funds will be used to pay a portion of the expenses of the rights offering and backstop transaction and our pending credit facility and to reduce indebtedness under our existing credit facility. See Use of Proceeds.

**Have any stockholders indicated that they will or will not exercise their subscription rights?**

On June 2, 2010, Yorktown, the owner of approximately 36.0% of our outstanding common stock, entered into an agreement with Sherwood whereby Yorktown agreed not to exercise or transfer its subscription rights relating to 9,187,072 shares of our common stock. The agreement permits Yorktown to exercise its subscription rights relating to its remaining 5,000,000 shares of our common stock. Although neither Yorktown nor any other stockholder has indicated to us that they will or will not exercise their subscription rights, each member of our board of directors has indicated his intent to exercise some or all of his subscription rights to the extent that he has available resources. However, the backstop commitment from Sherwood ensures that the aggregate gross proceeds from the rights offering and backstop transaction will be \$40.0 million. See The Rights Offering The Backstop Purchaser.

**Are there risks in exercising my subscription rights?**

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights means buying shares of our preferred stock and should be considered as carefully as you would consider any other equity investment. You should carefully read the section in this prospectus supplement entitled Risk Factors and the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, and all other information included or incorporated herein by reference in this prospectus supplement in its entirety before you decide whether to exercise your subscription rights.

**How many shares of common stock and preferred stock will be outstanding after the rights offering?**

As of July 26, 2010, we had 39,462,762 shares of common stock issued and outstanding. Upon completion of the rights offering and backstop transaction and excluding any shares that may be issued pursuant to the exercise of stock options, we will continue to have 39,462,762 shares of our common stock issued and outstanding. We will also have 4,000,000 shares of preferred stock issued and outstanding, which shares will be initially convertible into 30,769,231 shares of our common stock.

**Will the subscription rights be listed on a stock exchange?**

The subscription rights are transferable during the course of the subscription period, and we have applied to list the subscription rights on the Nasdaq Global Market under the symbol GMETR beginning on or about July 29, 2010, until 4:00 p.m., Eastern Time, on August 18, 2010, the scheduled expiration date of this rights offering (or, if the offer is extended, on the extended expiration date). As a result, you may transfer or sell your subscription rights if you do not want to purchase any shares of our preferred stock. However, the subscription rights are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of the trading market for the subscription rights or the market value of the subscription rights.

**How do I exercise my subscription rights if I live outside the United States?**

The subscription agent will hold subscription rights certificates for stockholders having addresses outside the United States. In order to exercise their subscription rights, holders with addresses outside the United States must notify the subscription agent and timely follow other procedures described in the section of this prospectus supplement entitled The Rights Offering Foreign Stockholders.

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**What fees or charges apply if I purchase shares of preferred stock?**

We are not charging any fee or sales commission to issue subscription rights to you or to issue shares of preferred stock to you if you exercise your subscription rights. If you exercise your subscription rights through the record holder of your shares, you are responsible for paying any fees your record holder may charge you.

**What are the U.S. federal income tax consequences of receiving or exercising subscription rights?**

A holder generally should not recognize income, gain, or loss for U.S. federal income tax purposes in connection with the receipt or exercise of subscription rights in the rights offering. You should consult your tax advisor as to the particular consequences to you of the rights offering. For a detailed discussion, see the section of this prospectus supplement entitled "Material United States Federal Income Tax Consequences."

**To whom should I send my forms and payment?**

If your shares are held in the name of a broker, bank, or other nominee, then you should send your subscription rights certificate, and payment to that record holder in accordance with the instructions you receive from that record holder. If you are the record holder, then you should send your subscription rights certificate and payment by hand delivery, first class mail, or courier service to:

**By Mail:**  
American Stock Transfer & Trust Company, LLC

Attn: Reorganization Department

P.O. Box 2042

New York, New York 10272-2042

**By Overnight Courier or By Hand:**  
American Stock Transfer & Trust Company, LLC

Attn: Reorganization Department

6201 15th Avenue

Brooklyn, New York 11219

Your payment of the subscription price must be made in United States dollars for the full number of shares of preferred stock for which you are subscribing by cashier's or certified check drawn upon a United States bank payable to the subscription agent at the address set forth above or by wire transfer of immediately available funds directly into the account maintained by American Stock Transfer & Trust Company, LLC, (as subscription agent for the Company) for purposes of accepting subscriptions in this rights offering at JPMorgan Chase Bank, 55 Water Street, New York, New York 10005, ABA #021000021, Account # 530-354624 American Stock Transfer FBO GeoMet, Inc., with reference to the subscription rights holder's name.

You are solely responsible for completing delivery to the subscription agent of your subscription rights certificate, and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

**Whom should I contact if I have other questions?**

If you have other questions or need assistance, please contact the information agent, D.F. King & Co., Inc. at (212) 269-5550 (call collect) or (800) 949-2583 (toll-free).

For a more complete description of the rights offering, see "The Rights Offering."

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**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement or incorporated by reference therein. This summary may not contain all of the information that you should consider before deciding whether or not you should exercise your subscription rights. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section in this prospectus supplement entitled Risk Factors, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, and all other information included or incorporated herein by reference in this prospectus supplement in its entirety before you decide whether to exercise your subscription rights.*

**GeoMet, Inc.**

GeoMet, Inc. is an independent energy company primarily engaged in the exploration for and development and production of natural gas from coal seams ( coalbed methane or CBM ) and non-conventional shallow gas. We were originally founded as a consulting company to the coalbed methane industry in 1985 and have been active as an operator and developer of coalbed methane properties since 1993. Our principal operations and producing properties are located in the Cahaba Basin in Alabama and the central Appalachian Basin in West Virginia and Virginia. We also control additional coalbed methane and oil and gas development rights, principally in Alabama, British Columbia, Virginia, and West Virginia. As of June 30, 2010, we controlled approximately 162,000 net acres of coalbed methane and oil and gas development rights.

We primarily explore for, develop, and produce CBM and non-conventional shallow gas. Our objective is to create the premier non-conventional shallow gas company in North America (emphasizing coalbed methane) while maximizing stockholder value through the efficient investment of capital to increase reserves, production, cash flow and earnings. We believe that substantial expertise and experience is required to develop, produce, and operate coalbed methane and non-conventional shallow gas fields in an efficient manner. We believe that the inherent geologic and production characteristics of coalbed methane and non-conventional shallow gas offer certain operational advantages compared to conventional gas production.

GeoMet, Inc. was incorporated under the laws of the state of Delaware on November 9, 2000. Our principal offices are located at 909 Fannin, Suite 1850, Houston, Texas 77010, telephone number (713) 659-3855, fax number (713) 659-3856, and our website can be found at [www.geometinc.com](http://www.geometinc.com). Unless specifically incorporated by reference in this prospectus supplement, information found on our website is not part of this prospectus supplement and should not be relied upon in connection with making any investment in our securities.

**Table of Contents****GEOMET, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

The following selected consolidated financial data of the Company, for each of the fiscal years in the three-year period ended December 31, 2009, have been derived from our audited consolidated financial statements. The following selected consolidated financial data for each of the six-month periods ended June 30, 2009 and 2010 have been derived from the Company's unaudited condensed consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q for the quarters ended June 30, 2009 and 2010 and are not necessarily indicative of the results for the remainder of the fiscal year or any future period. We believe that the unaudited condensed consolidated financial data reflects all normal and recurring adjustments necessary for a fair presentation of the results for the interim periods presented. This information is only a summary and should be read in conjunction with financial statements and the notes thereto incorporated by reference into this prospectus supplement and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which we refer to as our 2009 10-K, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, which we refer to as our Second Quarter 2010 10-Q.

	Fiscal Year Ended December 31,			Six Months Ended June 30, (unaudited)	
	2009	2008	2007	2010	2009
<b>STATEMENT OF OPERATIONS (in thousands):</b>					
Total revenues	\$ 30,964	\$ 69,094	\$ 50,984	\$ 17,690	\$ 16,465
Realized (gains) losses on derivative contracts	\$ (10,694)	\$ 500	\$ (3,895)	\$ (3,671)	\$ (5,457)
Unrealized losses (gains) from the change in market value of open derivative contracts	\$ 3,995	\$ (4,993)	\$ 3,007	\$ (4,668)	\$ 1,958
Impairment of gas properties	\$ 257,288	\$ 50,734			\$ 167,295
Terminated transaction costs				\$ 1,403	
Total operating expenses	\$ 291,093	\$ 87,590	\$ 37,852	\$ 7,448	\$ 185,308
Operating (loss) income	\$ (260,129)	\$ (18,496)	\$ 13,132	\$ 10,242	\$ (168,842)
Interest expense, net of amounts capitalized	\$ (5,174)	\$ (4,783)	\$ (5,130)	\$ (2,668)	\$ (2,401)
(Loss) income before income taxes	\$ (265,275)	\$ (23,199)	\$ 7,983	\$ 7,588	\$ (171,220)
Income tax (benefit) expense	\$ (98,142)	\$ (712)	\$ 2,988	\$ 3,323	\$ (64,108)
Net (loss) income	\$ (167,134)	\$ (22,487)	\$ 5,169	\$ 4,265	\$ (107,112)
<b>EARNINGS PER COMMON SHARE (in dollars):</b>					
<i>Net (loss) income per common share</i>					
Basic	\$ (4.28)	\$ (0.58)	\$ 0.13	\$ 0.11	\$ (2.75)
Diluted	\$ (4.28)	\$ (0.58)	\$ 0.13	\$ 0.11	\$ (2.75)
<b>BALANCE SHEET DATA (in thousands, at period end):</b>					
Working capital (deficit)(1)	\$ (35)	\$ (1,441)	\$ (2,063)	\$ 821	\$ 1,526
Total assets (including impairment of gas properties)	\$ 160,928	\$ 377,600	\$ 378,677	\$ 164,258	\$ 223,832
Long-term debt	\$ 119,996	\$ 117,118	\$ 96,730	\$ 116,406	\$ 122,285
Stockholders' equity	\$ 26,908	\$ 192,432	\$ 218,676	\$ 31,635	\$ 86,139
<b>Cash flow data (in thousands):</b>					
Net cash provided by operating activities	\$ 8,518	\$ 32,958	\$ 17,487	\$ 8,475	\$ 3,243
Net cash used in investing activities	\$ (12,696)	\$ (52,719)	\$ (53,832)	\$ (4,061)	\$ (9,302)
Net cash provided by (used in) financing activities	\$ 2,888	\$ 20,493	\$ 36,191	\$ (4,906)	\$ 5,173
Capital expenditures	\$ 12,566	\$ 52,797	\$ 54,026	\$ (4,168)	\$ (9,264)
<b>OTHER DATA:</b>					
Net sales volume (Bcf)	7.5	7.5	7.1	3.6	3.8
Average natural gas sales price (\$ per Mcf)	\$ 4.05	\$ 9.17	\$ 6.97	\$ 4.81	\$ 4.30
Average natural gas sales price (\$ per Mcf) realized(2)	\$ 5.47	\$ 9.10	\$ 7.52	\$ 5.82	\$ 5.74
Total production expenses (\$ per Mcf)	\$ 2.67	\$ 2.87	\$ 2.86	\$ 2.33	\$ 2.99
Depletion of gas properties(\$ per Mcf)	\$ 1.51	\$ 1.35	\$ 1.24	\$ 0.78	\$ 1.24

- (1) Working capital (deficit) is defined as current assets less current liabilities and is unaudited.
- (2)