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US ENERGY CORP
Form 8-K
December 24, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 AND 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): DECEMBER 23, 2003 (DECEMBER 18, 2003)

U.S. ENERGY CORP.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

| | | |
|---|--------------------------|---|
| WYOMING | 0-6814 | 83-205516 |
| ----- | ----- | ----- |
| (STATE OR OTHER JURISDICTION OF INCORPORATION) | (COMMISSION FILE NO.) | (I.R.S. EMPLOYER IDENTIFICATION NO.) |

GLEN L. LARSEN BUILDING
877 NORTH 8TH WEST
RIVERTON, WY

82501

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (307) 856-9271

NOT APPLICABLE

(FORMER NAME, FORMER ADDRESS OR FORMER FISCAL YEAR,
IF CHANGED FROM LAST REPORT)

ITEM 5: OTHER EVENTS AND REGULATION FD DISCLOSURE.

U.S. Energy Corp. (USE) reports that on December 18, 2003, its subsidiary, Rocky Mountain Gas, Inc. (RMG), signed a Purchase and Sale Agreement to acquire coalbed methane (CBM) properties from a non-disclosed party in the Powder River Basin of Wyoming for a combination of cash and equity. The transaction is contingent upon receipt of financing from outside sources. RMG is conducting a due diligence review of title, various permits, and production records. The Agreement is subject to the approval of the Boards of USE and Crested Corp. (a USE subsidiary), and is scheduled to close on or before January 30, 2004.

The property subject to the Agreement includes 247 completed wells of which

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237 are completed in the Wyodak formation on the North and South producing properties. Of these 237 wells, 144 are producing gas, while the remaining 93 wells are pumping water only to enhance production from the gas producing wells. Combined production from the North and South producing properties is approximately 8.1 million cubic feet of gas per day (MMCFD) gross. The portion of the production that is subject to the sale is about 4.2 MMCFD net from the two properties located near Gillette, Wyoming. The producing properties include 12,602 gross acres, which includes a gathering and transmission line to the Thunder Creek Pipeline on one of the properties. The purchase also includes approximately 40,000 net acres of undeveloped properties, which consists of about 28,000 net acres that are located in the Powder River Basin and are prospective for CBM development. All of the acreage being acquired is in fee, which typically are the least restrictive lands to develop. Pinnacle Gas Resources, Inc. (Pinnacle), a CBM company that RMG currently owns a 22% equity interest in, has a first right of refusal to acquire the undeveloped acreage portion of the acquisition. PGR has not yet indicated that it will exercise such right.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial statements of business acquired. Not applicable.
- (b) Pro forma financial information. Not applicable.
- (c) Exhibits. Not applicable

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.

U.S. ENERGY CORP.

Dated: December 24, 2003

By: /s/ Daniel P. Svilar

Secretary