

Form 8-K/A for NEW CENTURY ENERGY CORP.

28-Jul-2005

Entry into Material Agreement, Change in Assets, Financial Obligation

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Effective on June 27, 2005, the Company entered into a Purchase and Sale Agreement with various Sellers (as described and defined below under "Section 2.01 Completion or Disposition of Assets"), which was subject to the Company

obtaining financing. The Sellers were sent payment for the sales price on June 30, 2005. The effective date for ownership of the acquired interests is April 1, 2005. Through the Purchase and Sale Agreement, the Company acquired certain working interests, overriding royalty interests, and term royalty interests, which together entitle New Century to a 6.2% working interest and a 5.464% net revenue interest in production from the Lindholm-Hanson Gas Unit and certain other leases in the Wishbone Field in McMullen County, Texas, located 80 miles south of San Antonio, Texas (the "Assets"). The Purchase and Sale Agreement is described in further detail below under, "Section 2.01 Completion or Disposition of Assets."

On June 30, 2005, New Century Energy Corp. (the "Company") entered into a Securities Purchase Agreement with Laurus Master Funds, Ltd., a Cayman Islands company ("Laurus" and the "Closing"), whereby the Company sold a Secured Convertible Term Note in the principal amount of fifteen million dollars (\$15,000,000)(the "Note"), which is convertible into an aggregate of 24,193,548 shares of the Company's common stock ("Common Stock") at a conversion price of \$0.62 per share; issued Laurus a warrant to purchase up to 7,258,065 shares of Common Stock at \$0.80 per share (the "Warrant"); issued an option to Laurus to purchase up to 10,222,784 shares of the Company's Common Stock representing 20% of the Company's stock on a fully-diluted basis (prior to the issuance of shares in connection with the Purchase and Sale Agreement, described below), for \$0.001 per share, or an aggregate of approximately \$10,222.78 (the "Option"); and entered into a Master Security Agreement, Registration Rights Agreement, Stock Pledge Agreement and Funds Escrow Agreement with Laurus and Century Resources, Inc., the Company's wholly owned subsidiary, entered into a Subsidiary Guaranty with Laurus. The Note, the Warrant, the Option, the Master Security Agreement, the Registration Rights Agreement, the Subsidiary Guaranty, the Stock Pledge Agreement, the Funds Escrow Agreement, each mortgage made in favor of Laurus, and all other documents, instruments and agreements entered into in connection with the Closing, shall be referred to in this Report on Form 8-K as the "Related Agreements."

In connection with the Closing, the Company agreed to pay Laurus Capital Management, L.L.C., the manager of Laurus a fee equal to 3.50% of the aggregate principal amount of the Note, totaling \$525,000, and agreed to pay Energy Capital Solutions, LP \$599,000 and granted 900,000 warrants exercisable at \$0.80 per share, with piggyback registration rights in connection with a finders agreement.

In connection with the Securities Purchase Agreement, the Company granted Laurus the right to invest up to an additional \$15,000,000, but not less than an additional \$1,000,000, under the same terms and conditions of the Securities Purchase Agreement, before March 27, 2006 (270 days from closing date).

Century Resources, Inc., a Delaware corporation and the Company's wholly owned subsidiary, entered into a Subsidiary Guaranty Agreement at the Closing with Laurus, whereby it agreed to guaranty the prompt payment of all amounts, when due, owed to Laurus under the Note and in

connection with the Closing. The Company also entered into a Collateral Assignment Agreement at the Closing, whereby the Company agreed to assign and to grant a security interest to Laurus in all of its rights and benefits under the Purchase and Sale Agreement. Additionally, at the time of the Closing, the Company entered into a Master Security Agreement with Laurus, whereby the Company agreed to grant Laurus a continuing security interest in all of the Company's assets, including without limitation, cash, cash equivalents, accounts, accounts receivable, deposit accounts, inventory, equipment, goods, fixtures and other tangible and intangible assets, which the Company now owns or at any time in the future may acquire right, title or interest to.

SECURED CONVERTIBLE NOTE

In connection with the Securities Purchase Agreement, the Company issued Laurus a three year Secured Convertible Note in the amount of \$15,000,000, which bears interest at the prime rate (as published by the Wall Street Journal) plus 2% (currently 8.25%, with the prime rate at 6.25% as of the filing of this Report, the "Contract Rate") per year, and which at no time, subject to the last sentence of this paragraph, shall bear interest at less than 7% per year, which unpaid principal and unpaid accrued interest, if any, shall be due and payable on June 30, 2008 (the "Maturity Date"). The interest on the Note shall be payable monthly, in arrears, commencing on September 1, 2005 (each monthly date being a "Determination Date"). Additionally, if the Company has registered the shares underlying the Note and Warrant, and such registration statement has been declared effective and the Company's Common Stock has traded at least 25% above the "Fixed Conversion Rate," which is currently \$0.62 and which is subject to . . .

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

Effective on June 27, 2005, the Company entered into a Purchase and Sale Agreement with Hanson Resources Company, 4 Star Ventures, L.P., Bastante Mas, Ltd., A.M. Brown Family Limited Partnership, Fletcher Ventures, LLC, William Kimble, Prescio Oil & Gas, LLC, Kaye Thompson, Sierra Vista Ventures, L.P., Linda C. Barber, B.J. Drehr, Barbara A. Hanson, Kurt M. Hanson, George E. Jochetz III, Karen Smith, John J. Surko, Neil E. Hanson, and BSC Minerals, Ltd. (collectively the "Sellers"). The Sellers were sent payment for the sales price on June 30, 2005. The effective date for ownership of the acquired interests is April 1, 2005. Through the Purchase and Sale Agreement, the Company acquired certain working interests, overriding royalty interests, and term royalty interests, which together entitle New Century to a 6.2% working interest and a 5.464% net revenue interest in production from the Lindholm-Hanson Gas Unit and certain other licenses in the Wishbone Field in McMullen County, Texas, located 80 miles south of San Antonio, Texas (the "Assets"). The Company paid the sellers an aggregate of \$11,000,000 in cash and issued the Sellers an aggregate of 1,320,000 restricted shares of the Company's Common Stock as consideration for the sale of the Assets.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

On June 30, 2005, the Company entered into a Securities Purchase Agreement with Laurus Master Funds, Ltd., a Cayman Islands company, whereby the Company sold a Secured Convertible Term Note in the principal amount of fifteen million dollars (\$15,000,000), which is convertible into an aggregate of 24,193,548 shares of the Company's common stock at a conversion price of \$0.62 per share; issued Laurus a warrant to purchase up to 7,258,065 shares of Common Stock at \$.80 per share (the "Warrant"); issued an option to Laurus to purchase up to 10,222,784 shares of the Company's Common Stock representing 20% of the Company's stock on a fully-diluted basis (prior to the issuance of shares in connection with the Purchase and Sale Agreement, described below), for \$0.001 per share, or an aggregate of approximately \$10,222.78 (the "Option"); and entered into a Master Security Agreement, Registration Rights Agreement, Stock Pledge Agreement and Funds Escrow Agreement with Laurus (the "Closing").

The terms and conditions of the Closing, including but not limited to the Securities Purchase Agreement, Convertible Term Note, Warrant and Option are described in detail under "Item 1.01 Entry Into A Material Definitive Agreement," above.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On June 29, 2005, the Company issued 1,320,000 restricted shares of its Common Stock to the Sellers of the Assets (described above under "Item 2.01,

Completion or Disposition of Assets") in connection with the Purchase and Sale Agreement entered into on June 24, 2005. The Company claims an exemption from registration afforded by Rule 506 of Regulation D under the Securities Act of 1933 (the "Act"), for the issuance of these shares.

On June 30, 2005 the Company entered into a Securities Purchase Agreement, Secured Convertible Term Note (the "Note"), Secured Common Stock Purchase Warrant (the "Warrant"), Option Agreement (the "Option"), and other Related Agreements (defined above under "Item 1.01. Entry Into a Material Definitive Agreement") with Laurus Master Fund, Ltd., a Cayman Islands company ("Laurus"), for the sale of (i) \$15,000,000 in the form of a convertible Note that may be converted into approximately 24,193,548 shares of Common Stock at \$0.62 per share; (ii) a Warrant to purchase 7,258,065 shares of Common Stock at \$0.80 per share; and (iii) an Option to purchase 10,222,784 shares of the Company's Common Stock, representing 20% of the Company's Common Stock on a fully-diluted basis (prior to the issuance of shares in connection with the Purchase and Sale Agreement, described above) for for \$0.001 per share, or an aggregate of approximately \$10,222.78. The Company has received \$15,000,000 in connection with the Securities Purchase Agreement, Note, Option and Related Documents of which \$11,000,000 has already been spent by the Company in connection with the Purchase and Sale Agreement, \$1,125,000 has been spent by the Company for finder's fees and other fees in connection with the Closing, \$555,777.32 was paid to Black Rock Energy to pay-off the Company's existing obligations, terminating all of Black Rock's liens, and \$2,319,222.68 will be used for the Company's drilling program and working capital. The Company claims an exemption from registration afforded by Rule 506 of Regulation D under the Securities Act of 1933 (the "Act"), for the issuance of these shares.

On June 30, 2005, Laurus exercised their option to purchase 3,675,000 shares of our Common Stock for an aggregate consideration of \$3,675 in connection with the Option, leaving 6,547,784 shares remaining to be purchased by Laurus pursuant to the Option for an aggregate consideration of approximately \$6,447.78. The 3,675,000 shares have not been issued to Laurus as of the filing of this amended report on Form 8-K. We claim an exemption from registration afforded by Regulation S of the Act ("Regulation S") for the above issuance since the issuance was made to a non-U.S. person (as defined under Rule 902 section (k)(2)(i) of Regulation S), pursuant to an offshore transaction, and no directed selling efforts were made in the United States by us, a distributor, any respective affiliates, or any person acting on behalf of any of the foregoing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(A) FINANCIAL STATEMENTS OF THE LINDHOLM-HANSON GAS UNIT:
To be provided by a subsequent amendment to this Form 8-K.

(B) PRO FORMA FINANCIAL INFORMATION:
To be provided by a subsequent amendment to this Form 8-K.

(C) EXHIBITS:

10.1(1)	Securities Purchase Agreement
10.2(1)	Secured Convertible Term Note
10.3(1)	Common Stock Purchase Warrant
10.4(1)	Master Security Agreement
10.5(1)	Registration Rights Agreement
10.6(1)	Option Agreement
10.7(1)	Purchase and Sale Agreement
10.8*	First Amendment to the Note, Warrant and Option

* Filed herewith.

(1) Filed as exhibits to our report on Form 8-K filed with the Commission on July 8, 2005, and incorporated herein by reference.