

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

13-Sep-2006

Entry into a Material Definitive Agreement, Completion of Acquisition

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On June 30, 2006, New Century Energy Corp.'s (the "Company," "we," "us," and "our") wholly owned subsidiary, Gulf Coast Oil Corporation, a Delaware corporation ("Gulf Coast"), entered into a Securities Purchase Agreement with Laurus Master Fund, Ltd. (the "June 2006 Purchase Agreement" and "Laurus"), whereby Gulf Coast sold Laurus a Secured Term Note in the amount of \$5,000,000 (the "June 2006 Gulf Coast Note"). In connection with the June 2006 Purchase Agreement, Gulf Coast also entered into an Amended and Restated Mortgage, a Collateral Assignment, an Amended and Restated Secured Term Note and a

Reaffirmation and Ratification Agreement. In connection with Gulf Coast's entry into the June 2006 Purchase Agreement, we and Century Resources, Inc., our wholly owned Delaware subsidiary ("Century") entered into a Reaffirmation and Ratification Agreement with Laurus (the "New Century Reaffirmation Agreement").

In connection with the June 2006 Purchase Agreement, Gulf Coast granted Laurus a right of first refusal to provide additional financing, prior to the incurrence of any additional indebtedness and/or the sale or issuance of any equity interests of Gulf Coast. If Gulf Coast shall receive a proposed term sheet for additional funding, pursuant to the June 2006 Purchase Agreement, it will submit such term sheet to Laurus, at which time Laurus will have the right, but not the obligation, to deliver, within 10 days of its receipt of the proposed term sheet, its own proposed term sheet setting forth the terms and conditions upon which it would be willing to provide additional financing to Gulf Coast, at terms no less favorable than those outlined in the proposed term sheet. If Laurus' terms are at least as favorable to Gulf Coast as those of the proposed term sheet, Gulf Coast shall accept Laurus' term in lieu of the proposed term sheet, if not, Gulf Coast may accept the proposed term sheet.

JUNE 2006 GULF COAST NOTE

In connection with the June 2006 Purchase Agreement, Gulf Coast issued Laurus a forty (40) month Secured Term Note in the amount of \$5,000,000 (the "June 2006 Gulf Coast Note"), which bears interest at the rate of 17.5% per year, which unpaid principal and unpaid accrued interest, if any, shall be due and payable on October 30, 2009 (the "Maturity Date"). The interest on the June 2006 Gulf Coast Note shall be payable monthly, in arrears, commencing on July 1, 2006. Additionally, amortizing payments of the principal amount due under the June 2006 Gulf Coast Note are due July 1, 2006, and each succeeding month thereafter including the Maturity Date (each an "Amortization Amount"). As long as no Event of Default, as defined below, has occurred under the June 2006 Gulf Coast Note, interest on the June 2006 Gulf Coast Note shall only be payable as a component of the Amortization Amount, unless such Amortization Amount is less than \$25,000 for any month, as described below.

Each monthly Amortization Amount will be equal to the product of (i) one-eighth (.125) times (ii) eighty percent (80%) of the gross proceeds paid to Gulf Coast in respect of all oil, gas and/or other hydrocarbon production in which Gulf Coast has an interest less (i) the reasonable ordinary day to day expenses associated with Gulf Coast's operation of the leases, wells and equipment, including fuel, materials, labor, maintenance, routine production equipment replacement, repairs, routine workover costs to maintain production from an existing completed well, royalty, severance tax and ad valorem tax, in each case using accounting practices and procedures ordinary and customary in the oil and gas

industry and (ii) Gulf Coast's reasonable estimate of its federal tax (including federal income tax) liability (after taking into account all applicable deductions, depletion and credits), all of which, in each case, shall be subject to Laurus' approval, which approval shall be provided in the exercise of Laurus' reasonable discretion based on such supporting documentation from Gulf Coast as Laurus shall request (the "Net Revenue"); provided, however, that the percentage of 80% referenced above shall increase to one hundred percent (100%), upon the occurrence and during the continuance of an Event of Default under the Gulf Coast Note as described below.

In the event the Amortization Amount payable to Laurus during any month is less than \$25,000, then Gulf Coast is required to make a cash payment to Laurus in an amount equal to the difference between \$25,000 and the then applicable Amortization Amount.

"Events of Default" under the June 2006 Gulf Coast Note include: Gulf Coast's failure to pay any amount due under the June 2006 Gulf Coast Note; our failure to pay any amount due to Laurus under our June 30, 2005, Convertible Secured Term Note, as amended, our September 19, 2005, Secured Term Note, as amended, Gulf Coast's April 26, 2006, Secured Term Note, as amended, and/or the June 2006 Gulf Coast Note, if such failure continues for a period of three (3) days; Gulf Coast's breach of any covenant or any other term of the April 2006 Gulf Coast Note or the June 2006 Gulf Coast Note in any material respect, which if subject to cure, continues for a period of fifteen (15) days, without being cured; Gulf Coast's or our breach of any representation, warranty or statement made to Laurus in connection with any transaction contemplated by the April or June 2006 Gulf Coast Notes, or any of the other agreements entered into between Gulf Coast, Century and us in connection with the Gulf Coast Note; a default under any other agreement between us and Laurus beyond the grace period, if any; any change or occurrence which could reasonably be expected to have a material adverse effect on Gulf Coast's or our ability to repay the June 2006 Gulf Coast Note; Gulf Coast's or our bankruptcy or insolvency; if Gulf Coast or we have a judgment levied against either of us in an amount greater than \$100,000; a change in control of Gulf Coast, whereby any person or group shall become the beneficial owner of 35% or more of Gulf Coast's voting equity interests or if the Board of Directors of Gulf Coast ceases to consist of a majority of Gulf Coast's Board of Directors on the date the June 2006 Gulf Coast Note was granted, unless Laurus consents in writing to such change; or if Gulf Coast merges with, consolidates with or sells all or substantially all of its assets to any other person or entity; and/or if an indictment is brought or threatened against Gulf Coast, us or any of our or Gulf Coast's executive officers under any criminal statute or civil statute whereby the penalty associated with such indictment could result in the forfeiture of any property of Gulf Coast or us.

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ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On June 30, 2006, Gulf Coast entered into an Asset Purchase Agreement (the "June 2006 Asset Purchase Agreement") and closed the purchase of all of the working interest owned by J&P Family Properties, Ltd. and Lara Energy, Inc. (the "June 2006 Sellers") in producing properties as well as undeveloped oil and gas mineral leases totaling 9,167 acres and other related assets and contracts in McMullen County, Texas (the "June 2006 Assets"), of which Gulf Coast purchased 7/8th of on April 28, 2006. The purchase price of the June 2006 Assets was \$4,450,000, which amount was paid to the June 2006 Sellers from funds received from Gulf Coast's sale of the June 2006 Gulf Coast Note to Laurus as described above under "Item 1.01 Entry Into a Material Definitive Agreement." The effective date of the June 2006 Asset Purchase Agreement, for the purposes of the receipt of proceeds from the sale of hydrocarbon reserves was December 1, 2005. As a result of the June 2006 Asset Purchase Agreement, Gulf Coast holds a 100% working interest in the producing properties and undeveloped oil and gas mineral leases totaling 9,167 acres in McMullen County, Texas, other than one well on such property, in which Gulf Coast holds a 75% interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS CONTAINS FORWARD LOOKING STATEMENTS WHICH INVOLVE RISKS AND UNCERTAINTIES WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACT INCLUDED IN THIS SECTION REGARDING OUR FINANCIAL POSITION AND LIQUIDITY, STRATEGIC ALTERNATIVES, FUTURE CAPITAL NEEDS, BUSINESS STRATEGIES AND OTHER PLANS AND OBJECTIVES OF OUR MANAGEMENT FOR FUTURE OPERATIONS AND ACTIVITIES, ARE FORWARD LOOKING STATEMENTS. THESE STATEMENTS ARE BASED ON CERTAIN ASSUMPTIONS AND ANALYSES MADE BY OUR MANAGEMENT IN LIGHT OF ITS EXPERIENCE AND ITS PERCEPTION OF HISTORICAL TRENDS, CURRENT CONDITIONS, EXPECTED FUTURE DEVELOPMENTS AND OTHER FACTORS IT BELIEVES ARE APPROPRIATE UNDER THE CIRCUMSTANCES. SUCH FORWARD LOOKING STATEMENTS ARE SUBJECT TO UNCERTAINTIES THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM SUCH STATEMENTS. SUCH UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO: THE VOLATILITY OF THE OIL AND GAS INDUSTRY; CHANGES IN COMPETITIVE FACTORS AFFECTING OUR OPERATIONS; RISKS ASSOCIATED WITH THE ACQUISITION OF MATURE OIL AND GAS PROPERTIES, INCLUDING ESTIMATES OF RECOVERABLE RESERVES, FUTURE OIL AND GAS PRICES AND POTENTIAL ENVIRONMENTAL AND PLUGGING AND ABANDONMENT LIABILITIES; OUR DEPENDENCE ON KEY PERSONNEL AND CERTAIN CUSTOMERS; RISKS OF OUR GROWTH STRATEGY, INCLUDING THE INHERENT RISK IN ACQUIRING MATURE OIL AND GAS PROPERTIES; OPERATING HAZARDS, INCLUDING THE SIGNIFICANT POSSIBILITY OF ACCIDENTS RESULTING IN PERSONAL INJURY, PROPERTY DAMAGE OR ENVIRONMENTAL DAMAGE; THE EFFECT ON OUR PERFORMANCE OF REGULATORY PROGRAMS AND ENVIRONMENTAL MATTERS INCLUDING POLITICAL AND ECONOMIC UNCERTAINTIES. THESE AND OTHER UNCERTAINTIES RELATED TO OUR BUSINESS ARE DESCRIBED IN DETAIL IN OUR ANNUAL REPORT ON FORM 10-KSB/A FOR THE YEAR ENDED DECEMBER 31, 2005. ALTHOUGH WE BELIEVE THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD LOOKING STATEMENTS ARE REASONABLE, WE PROVIDE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF. WE UNDERTAKE NO OBLIGATION TO UPDATE ANY OF OUR FORWARD LOOKING STATEMENTS FOR ANY REASON.

RESULTS OF OPERATIONS

On June 30, 2006, Gulf Coast entered into an Asset Purchase Agreement with J&P Family Properties, Ltd. and Lara Energy, Inc. for assets (collectively the "Mustang Creek Assets") which Gulf Coast had previously purchased 7/8th of on April 28, 2006. The effective date of the June 2006 Asset Purchase Agreement was December 1, 2005. As a result of the June 2006 Asset Purchase Agreement, Gulf Coast holds a 100% working interest in the producing properties and undeveloped oil and gas mineral leases, other than one well, in which Gulf Coast holds a 75% interest.

Gulf Coast has provided a discussion below of the results of operations for the period from August 1, 2004 through December 31, 2005 and the first six months of the year ended December 31, 2006, relating to the June 2006 acquisition of the Mustang Creek Assets by Gulf Coast. The Mustang Creek Assets began producing in July 2005.

Our revenues are summarized as follows for the periods ended:

	Six months June 2006 (Unaudited)	Six months June 2005 (Unaudited)	Year December 2005	Year December 2004
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Natural gas sales	\$ 53,075	\$ 0	\$ 26,993	\$ 0

Oil Sales	543,988	0	215,712	0
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Total revenue from sales	\$ 597,063	\$ 0	\$ 242,705	\$ 0

The first oil production from the Mustang Creek Assets began in July 2005 and by December 2005 six wells were producing oil. For the period ended December 2005, the Mustang Creek Assets (Second Acquisition) yielded a total of 3,624 barrels of oil at an average price of \$59.22. Eleven oil wells were in operation at the end of June 2006 producing an average output of 1,318 barrels for each month of 2006. Oil prices climbed each month in 2006, reaching up to \$67.67 at the end of June.

The lone natural gas unit on the Mustang Creek property - Tyler Ranch, began producing in October 2005. Natural gas sales volume in 2005 totaled 2,598 MCF compared to a total of 8,153 MCF for the six months ended June 2006. Natural gas sales are impacted by volatile price fluctuations from \$11.35/Mcf in October 2005 to \$9.18/Mcf in December 2005, and then to \$5.95/Mcf in June 2006.

Expense

Costs of production for the periods presented are as follows:

	Six months June 2006 (Unaudited)	Six months June 2005 (Unaudited)	Year December 2005	Year December 2004
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Lease operating expense	\$ 27,742	\$ 36	\$ 15,376	\$ 0
Workover expense	1,059	25	7,742	0
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ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On June 30, 2006 Gulf Coast entered into a Securities Purchase Agreement, and sold a \$5,000,000 Secured Term Note to Laurus Master Fund, Ltd., a Cayman Islands company ("Laurus"). Gulf Coast claims an exemption from registration afforded by Regulation S of the Act ("Regulation S") for the above issuances since the issuances were 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 Gulf Coast, 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 MUSTANG CREEK ACQUISITION

Attached hereto as Exhibit 99.1.

(B) PRO FORMA FINANCIAL INFORMATION:

Attached hereto as Exhibit 99.2.

(C) Exhibits.

Exhibit No.	Description.
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10.1*	June 2006 Asset Purchase Agreement
10.2*	June 2006 Securities Purchase Agreement (Gulf Coast and Laurus)
10.3*	June 2006 Secured Term Note (Gulf Coast)
10.4*	June 2006 Amended and Restated Term Note (Gulf Coast)
10.5*	June 2006 Amended and Restated Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production, filed in Matagorda County, McMullen County and Wharton County, Texas
10.6*	Collateral Assignment
10.7*	Reaffirmation and Ratification Agreement (Gulf Coast)
10.8*	Reaffirmation and Ratification Agreement (New Century and Century)
99.1(1)	Financial Statements of the Mustang Creek Acquisition
99.2(1)	Pro Forma Financial Information

* Filed as exhibits to our report on Form 8-K filed with the Commission on July 7, 2006, and incorporated herein by reference.

(1) Filed herewith.