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PYRAMID OIL CO
Form DEF 14A
April 30, 2001

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Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

PYRAMID OIL COMPANY
(Name of Registrant as Specified in its Charter)

Lee G. Christianson
(Name of Person Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

/ / \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).
/ / \$500 per each party to the controversy pursuant to Exchange Act Rule
14a-6(i)(3).
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- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or underlying value of transaction computed pursuant
to Exchange Act Rule 0.11:
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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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PYRAMID OIL COMPANY
2008 21st Street
P.O. Box 832

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Bakersfield, California 93302
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
June 7, 2001

To the shareholders:

NOTICE is hereby given that the Annual Meeting of Shareholders (the "Annual Meeting") of Pyramid Oil Company (the "Company") will be held at the Corporate Offices of Pyramid Oil Company, 2008-21st Street, Bakersfield, California 93301, on Thursday, June 7, 2001 at 10:30 A.M. Pacific Daylight Time, for the following purposes:

1. To elect a Board of Directors for the ensuing year; and
2. To approve the selection of Arthur Andersen LLP as independent auditors for the Company for the year ending December 31, 2001; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Information concerning these matters, including the names of the nominees for the Board of Directors of the Company (the "Board"), is set forth in the attached Proxy Statement included in this notice.

Holders of the Company's Common Stock at the close of business on April 9, 2001, the record date fixed by the Board, are entitled to notice of and to vote at the Annual Meeting. The Board urges that all shareholders of record exercise their right to vote personally at the meeting or by proxy.

A copy of the Company's Annual Report to Shareholders containing financial statements and other information of interest to shareholders is enclosed herewith. You are urged to read the enclosure.

All shareholders are requested to read the enclosed Proxy Statement and to sign, date and complete the enclosed proxy and return it promptly in the accompanying postage prepaid, pre-addressed envelope, whether or not they attend the meeting, to assure that their shares will be represented. Any shareholder giving a proxy has the right to revoke it at any time before it is voted.

Your prompt response will be appreciated.

By Order of the Board of Directors
Lee G. Christianson, Secretary

Bakersfield, California
April 30, 2001

PLEASE SIGN AND DATE THE ENCLOSED FORM OF PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE, IN ORDER TO ASSURE THAT YOUR VOTES ARE COUNTED.

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PYRAMID OIL COMPANY
2008 21st Street
P.O. Box 832
Bakersfield, California 93302

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

June 7, 2001

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----- PROXY SOLICITATION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Pyramid Oil Company (the "Company") of proxies to be used at the Annual Meeting of Shareholders of the Company (the "Annual Meeting") to be held on June 7, 2001, and at any adjournment or adjournments thereof. This Proxy Statement, together with the accompanying proxy, is first being mailed to shareholders on or about May 10, 2001. You are requested to sign, date and return the enclosed proxy card in order to ensure that a majority of the outstanding shares of common stock of the Company (the "Common Stock") are represented at the meeting.

Any proxy given by a shareholder of the Company may be revoked at any time before it is voted by attending the Annual Meeting and voting in person or by filing with the Secretary of the Company an instrument revoking the proxy or a duly executed proxy bearing a later date. If the enclosed form of proxy is properly executed and returned, the Common Stock represented thereby will be voted in accordance with the instructions given by the proxy. IF NO INSTRUCTIONS ARE GIVEN, THE COMMON STOCK WILL BE VOTED "FOR" (1) APPROVAL OF THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED HEREIN; AND (2) THE RATIFICATION OF THE COMPANY'S SELECTION OF ARTHUR ANDERSEN LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2001. If any other matters are properly presented at the meeting, or any adjournment thereof, the persons voting the proxies will vote according to their best judgment.

Solicitation of proxies will be primarily by mail, although some solicitation will be by telephone, telegraph or personal interview. Proxies may be solicited by officers, directors and regular employees of the Company. The Company will not pay any additional compensation for such solicitations. Arrangement may be made with brokerage houses and with the Company's transfer agent, U.S. Stock Transfer, Glendale, California, to send notices, proxy statements, proxies and other materials to shareholders. The cost for such services is expected to be nominal and will be borne by the Company.

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RECORD DATE AND VOTING

Only holders of the Company's Common Stock at the close of business on April 9, 2001, shall be entitled to notice of and to vote at the Annual Meeting. Transferees of Common Stock which are transferred on the books of the Company subsequent to such date shall not be entitled to notice of or to vote at the Annual Meeting.

As of April 9, 2001, there were outstanding 2,494,430 shares of Common Stock entitled to vote. A majority of the outstanding shares of Common Stock entitled to vote whether present or in person or by proxy constitutes a quorum for the conduct of business at the Annual Meeting. Abstentions will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum. Unless cumulative voting is requested by a shareholder, each share of Common Stock is entitled to one vote for the election of each director of the Company. Under the California General Corporation Law, if a shareholder gives notice prior to the commencement of voting on the election of directors of his or her intention to cumulate his or her votes then all shareholders (or their proxies) may cumulate their votes.

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No cumulative voting will occur if no such notice is given.

Cumulative voting permits each shareholder to cast an aggregate number of votes equal to the number of shares owned multiplied by the number of directors to be elected; all of such votes may be cast for a single nominee or may be allocated among any two or more nominees as the shareholder wishes.

If a proxy is marked "FOR" the election of directors, it may, at the discretion of the persons named in the enclosed form of proxy (the "Proxy Holders"), be voted cumulatively in the election of directors. In the absence of cumulative voting, a simple majority of the shares voting will elect all of the Directors. Under either form of voting, the five nominees receiving the highest number of votes will be elected as directors.

Each share entitled to vote at the Annual Meeting will be entitled to one vote for the ratification of the Company's independent auditors. The ratification of the independent auditors requires the affirmative vote of a majority of the Common Stock represented and eligible to vote at the Annual Meeting. Accordingly, abstentions from voting on the ratification will have the effect of a vote "AGAINST" the ratification.

If you hold your shares of Common Stock in "street name" and you fail to instruct your broker or nominee as to how to vote your stock, your broker or nominee may, in its discretion, vote your shares "FOR" the election of the Board's nominees for directors and "FOR" the proposal to ratify Arthur Andersen LLP as the Company's independent auditors for the fiscal year ending December 31, 2001.

ELECTION OF DIRECTORS

Directors are to be elected at the Annual Meeting to serve until the next annual meeting and until their successors are elected and qualified. Unless authority to vote for directors is withheld in the proxy card, it is the

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intention of the Proxy Holders to vote for the election of the following five persons as directors: John H. Alexander, J. Ben Hathaway, Thomas W. Ladd, Gary L. Ronning and John E. Turco.

The Board has been informed that all nominees are willing to serve as directors. If any of them should decline or be unable to act as a director, the Proxy Holders will vote for the election of another person or persons as they, in their discretion, may choose. The Board has no reason to believe any nominee will be unable or unwilling to serve.

The nominees for election as directors of the Company are as follows:

| Name | Age | Position(1) | Director Since | Officer Since |
|-------------------|------|--|-------------------|------------------|
| ----- | ---- | ----- | ----- | ----- |
| J. Ben Hathaway | 61 | President, Chief Executive Officer and Director | 1984 | 1986 |
| John H. Alexander | 53 | Vice President and Director | 1984 | 1986 |
| Thomas W. Ladd | 52 | Director | 1998 | -- |
| Gary L. Ronning | 58 | Director | 1998 | -- |
| John E. Turco | 70 | Director | 1996 | -- |

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(1) Position listed is that held with the Company.

J. BEN HATHAWAY

Mr. Ben Hathaway has been an independent oil and gas operator and President of Marlyn Company, an oil and gas production company located in Bakersfield, California. Mr. Ben Hathaway has been President of Marlyn Company since 1973.

JOHN H. ALEXANDER

Mr. Alexander has been an independent oil operator and President of Alexander Oil Company, Newport Beach, California. Alexander Oil Company is an oil and gas production company. Mr. Alexander has been President of Alexander Oil Company since 1970.

THOMAS W. LADD

Mr. Ladd is President and Chairman of the Board of Tetra Oil Company which is engaged in petroleum lease acquisition, exploration and operations, since 1979. Mr. Ladd is also an independent geologist, offering consulting services in petroleum, government compliance, environmental assessments and co-generation development.

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GARY L. RONNING

Mr. Ronning is currently Senior Vice President of Ferguson/GDM Offshore Resources, LTD. and Senior Vice President for other Ferguson companies. Mr. Ronning has been with Ferguson Energy, an independent oil and gas exploration company, since 1967. Mr. Ronning has had several positions with Ferguson Energy.

JOHN E. TURCO

Since 1988, Mr. Turco has been a private investor, primarily in agricultural businesses.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES NAMED. PROXIES RETURNED TO THE COMPANY WILL BE VOTED "FOR" THE NOMINEES NAMED UNLESS OTHERWISE INSTRUCTED.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the federal securities laws, the Company's directors, executive officers, and any person holding more than 10% of the Company's Common Stock are required to report their ownership of the Company's securities and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established, and the Company is required to report any failures to file by these dates. The Company knows of no instances of persons who have failed to file or have delinquent filed Section 16(a) reports within the most recently completed fiscal year.

IDENTIFICATION OF EXECUTIVE OFFICERS

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| Name ---- | Age --- | Position ----- | Officer Since ----- |
|-------------------|------------|--|---------------------------|
| J. Ben Hathaway | 61 | President and Chief Executive Officer | 1986 |
| John H. Alexander | 53 | Vice President | 1986 |

The biographical descriptions of Mr. Hathaway and Mr. Alexander are included under "Election of Directors."

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SECURITY OWNERSHIP OF DIRECTORS, OFFICERS AND NOMINEES

The following table sets forth certain information as of April 9, 2001, with respect to beneficial ownership of the Company's Common Stock by the Company's officers and nominees for election as directors. The number of shares owned are those "beneficially owned", as determined under rules of the Securities and Exchange Commission. The information disclosed below is not necessarily indicative of beneficial ownership for any other purpose. Beneficial ownership as described below, includes any shares of Common Stock as to which the director has sole or shared voting power or investment power pursuant to a discretionary account or similar arrangement.

| Name and Title (1) ----- | Shares Owned (2) ----- | Percentage of Outstanding Common Stock (3) ----- |
|--|------------------------------|---|
| J. Ben Hathaway, Director, President | 259,300 (4) | 10.40% |
| John H. Alexander, Director, Vice President | 49,532 | 1.99% |
| Thomas W. Ladd, Director | -- | -- |
| Gary L. Ronning, Director | -- | -- |
| John E. Turco | 70,600 (5) | 2.83% |
| Directors and Officers as a Group (6 persons) | 379,432 | 15.21% |

(1) Title listed refers to the Company unless otherwise stated.

(2) Amounts reported by directors do not include shares held in name of their spouse, children and other relatives.

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- (3) As a percentage of the 2,494,430 shares of Common Stock outstanding at April 9, 2001.
- (4) Mr. J. Ben Hathaway's children own in the aggregate, 1,600 shares of Common Stock. Mr. Hathaway disclaims any beneficial interest in such shares and the shares of the Company's Common Stock owned by the Anna A. Hathaway Revocable Trust, see "Principal Holders of Securities."

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- (5) Mr. Turco owns 50% of Corotto Co. which in turn owns 14,500 shares of the Company. Such shares are included in the total shares owned.

COMMITTEES OF THE BOARD OF DIRECTORS

All Directors of the Company comprise the Audit Committee, which reviews the Company's financial and accounting organization, financial reporting, and the reports of the independent auditors. The Audit Committee held one meeting during the last fiscal year as the Audit Committee. All Directors, except Mr. Hathaway, attended the Audit Committee meeting.

All Directors of the Company comprise the Nominating Committee, which recommends prospective directors to fill vacancies that may arise from time to time and proposes individuals for election to the Company's Board by the Company's shareholders. It is the policy of the Board to consider as potential nominees any persons proposed by any of the Company's shareholders, provided that such proposal is received in writing sufficiently in advance of the annual meeting of shareholders to allow the Board to adequately evaluate the candidate. The Nominating Committee held one meeting during the last fiscal year. All Directors, except Mr. Hathaway, attended the Nominating Committee meeting. The Company has no Compensation Committee.

ATTENDANCE AND COMPENSATION

The Board met two times during 2000. Only non-employee directors receive payment for service as directors of the Company. Non-employee directors receive \$300.00 for each Board meeting attended. All directors, except Mr. Hathaway, attended both meetings.

EXECUTIVE COMPENSATION

The following table sets forth the compensation for the Chief Executive Officer ("CEO") as indicated below. No executive officer received over \$100,000 in cash compensation for the fiscal year ended December 31, 2000.

| Name and Principal Position | Year | Annual Salary | Compensation Other | Long Term Compensation Options - # |
|--|------|------------------|-----------------------|--|
| J. Ben Hathaway | 2000 | \$ 77,700 | (1) | -0- |
| President and Chief Executive Officer | 1999 | 77,700 | (1) | -0- |
| | 1998 | 77,700 | (1) | -0- |

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(1) Personal benefits do not exceed 10% of salary.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

The Company does not maintain a retirement plan for any of its employees.

PRINCIPAL HOLDERS OF SECURITIES

The following table furnishes information as of April 9, 2001, as to all persons known to the Company to be a beneficial owner of more than 5% of the Company's Common Stock.

| Name and Address ----- | Number of Beneficially Owned Shares ----- | Percentage of Outstanding Common Stock ----- |
|---|--|---|
| The Anna A. Hathaway, TR UA DTD September 5, 1984(1) FBO Northern Trust Bank of California NA 16 Corporate Plaza Newport Beach, CA 92660 | 1,041,635 | 41.76% |
| J. Ben Hathaway P. O. Box 832 Bakersfield, CA 93302 | 259,300 | 10.40% |
| Ronald Zlatniski 731 Prince Rd. Greensboro, NC 27455 | 144,927 | 5.81% |

(1) Although J. Ben Hathaway, Anna Hathaway's son, and Northern Trust Bank of California, N.A. are co-trustees of the trust, under the provisions of the trust, the trustees are required to vote the shares in the manner directed by Anna Hathaway. Mrs. Hathaway has the power to veto any sale or transfer with respect to such shares.

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SELECTION OF INDEPENDENT AUDITORS

The Audit Committee has selected Arthur Andersen LLP as independent public accountants to audit the books, records and accounts of the Company for

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the year ending December 31, 2001. The appointment is being presented to the shareholders for their ratification. Arthur Andersen LLP has audited the books, records and accounts of the Company since 1987. Representatives of that firm will be present at the meeting. They will have an opportunity to make statements if they desire and will be available to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE SELECTION OF ARTHUR ANDERSEN LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2001. PROXIES WILL BE VOTED "FOR" RATIFICATION OF THE SELECTION OF ARTHUR ANDERSEN LLP IF NO DIRECTION IS GIVEN IN THE PROXIES.

FISCAL 2000 AUDIT FEE SUMMARY

During fiscal 2000, the Company retained its principal auditor, Arthur Andersen LLP, to provide audit services. Arthur Andersen LLP billed the Company an aggregate of \$30,000 in fees for professional services rendered in connection with the audit of the Company's financial statements for the most recent fiscal year and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-QSB during the fiscal year ended December 31, 2000. Arthur Andersen LLP did not provide any services related to income tax preparation or financial information systems design and implementation during 2000.

ANNUAL REPORT TO SHAREHOLDERS

Accompanying this Proxy Statement is a copy of the Company's 2000 Annual Report to Shareholders, the contents of which are hereby incorporated by reference to this Proxy Statement.

SHAREHOLDER PROPOSALS FOR THE 2002 ANNUAL MEETING OF SHAREHOLDERS

Shareholders wishing to offer a proposal at the next annual meeting for inclusion in the proxy statement therefore must submit those proposals to the Company's Secretary no later than December 31, 2001. Proposals should be mailed to Lee G. Christianson, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302.

OTHER MATTERS

The Board of Directors is not aware of any other matters to be presented at the Annual Meeting. If any other matters should properly come before the meeting, the Proxy Holders will vote the proxies according to their best judgment.

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The Company filed an annual report on Form 10-KSB with the Securities and Exchange Commission. Shareholders may obtain a copy of this report without charge, by writing to Lee G. Christianson, Secretary, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302.

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Proxy Number

Number of Shares

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PYRAMID OIL COMPANY
P. O. Box 832-2008, 21st Street
Bakersfield, California 93302

Please Sign and Return Promptly

Date: _____ 2001

(Signature(s) of Shareholders)

Please date and sign exactly as name appears hereon. When signing as executor, administrator, trustee, guardian, attorney, etc. full title as such should be shown. If shares are registered in more than one name all registered owners should sign.

THIS PROXY MAY BE REVOKED AT ANYTIME BEFORE IT IS VOTED AT THE MEETING

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PROXY

PYRAMID OIL COMPANY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned shareholder of Pyramid Oil Company (the "Company") hereby appoints J. Ben Hathaway and John H. Alexander, and each of them, the true and lawful attorneys, agents and proxies of the undersigned, with full power of substitution and revocation to each of them, for and in the name of the undersigned to vote all the shares of Common Stock of the Company which the undersigned may be entitled to vote at the Annual Meeting of Shareholders of the Company to be held at the Corporate Offices of Pyramid Oil Company, 2008 21st Street, Bakersfield, California 93301, on Thursday, June 7, 2001 at 10:30 A.M. Pacific Daylight Time, and at any adjournment of such meeting, as fully as the undersigned could do if present in person. The undersigned hereby revokes all proxies heretofore given. Without limiting the generality of the foregoing, said proxies are authorized to vote:

(1) Election of Directors

// FOR all nominees listed below (except as marked to the contrary below.

// WITHHOLD AUTHORITY to vote for all nominees below.

(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEES NAME IN THE LIST BELOW.)

J. Ben Hathaway, John H. Alexander, Thomas W. Ladd
Gary L. Ronning, John E. Turco

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- (2) To ratify the selection of Arthur Andersen LLP as the Company's independent auditors for 2001:

/ /FOR / /AGAINST / /ABSTAIN

- (3) Transact any and all other business which may properly come before the meeting or any adjournment of such meeting.

EACH PROPERLY SIGNED PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE THEREON. IF NO SPECIFICATIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED ABOVE AND THE RATIFICATION OF INDEPENDENT AUDITORS NAMED ABOVE.