

PYRAMID OIL CO  
Form 424B3  
August 11, 2014

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Registration No. 333-197826

## **MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT**

Yuma Energy, Inc., which we refer to as Yuma, and Pyramid Oil Company, which we refer to as Pyramid, have entered into an amended and restated agreement and plan of merger and reorganization dated as of August 1, 2014, as it may be amended from time to time, which we refer to as the merger agreement, and which is attached as Annex A to this proxy statement/prospectus and incorporated herein by reference.

Upon the terms and subject to the conditions set forth in the merger agreement, Pyramid Merger Subsidiary, Inc., a Delaware corporation and wholly-owned subsidiary of Pyramid, referred to herein as “Merger Subsidiary,” shall be merged with and into Yuma in accordance with the Delaware General Corporation Law, which we refer to as the DGCL. Upon the merger, the separate corporate existence of Merger Subsidiary shall cease and Yuma shall continue as the surviving corporation under Delaware law and as a wholly owned subsidiary of Pyramid. Pyramid’s name will be changed to Yuma Energy, Inc. as part of the merger. The obligations of Pyramid and Yuma to effect the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. If the merger is completed pursuant to the merger agreement, Yuma stockholders will receive an aggregate of 66,336,701 shares of Pyramid common stock, which we collectively refer to as the merger consideration, for all shares of Yuma common stock and preferred stock (on an as converted to common stock basis) held immediately prior to the effective time. The merger consideration is fixed and will not be adjusted to reflect changes in the stock price of Pyramid common stock. The dollar value of this Pyramid common stock will change depending on fluctuations in the market price and will not be known at the time Yuma stockholders vote on the merger.

In connection with the proposed transaction, Pyramid and Yuma will each hold a special meeting of their respective stockholders. At Pyramid’s special meeting, Pyramid stockholders will be asked to vote on (i) a proposal to approve and adopt the merger agreement; (ii) the proposals related to certain amendments to the Pyramid restated articles of incorporation; (iv) a proposal to approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan; and (v) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above.

At Yuma's special meeting, Yuma stockholders will be asked to vote on (a) a proposal to approve and adopt the merger agreement; and (b) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement. Based on 57,493 shares of Yuma common stock (including Yuma restricted stock awards), 16,531 shares of Yuma Series A preferred stock and 20,192 shares of Yuma Series B preferred stock that are expected to be outstanding and exchanged in the merger, holders of Yuma common stock would receive approximately 43,484,014 shares of Pyramid common stock (plus cash in lieu of any fractional shares), holders of Yuma Series A preferred stock would receive approximately 15,091,925 shares of Pyramid common stock (plus cash in lieu of any fractional shares), and holders of Yuma Series B preferred stock would receive approximately 7,760,762 shares of Pyramid common stock (plus cash in lieu of any fractional shares), subject to a downward adjustment as described in the merger agreement and further described herein, for shares of Yuma common stock, Yuma Series A preferred stock or Yuma Series B preferred stock, respectively, they own.

Additionally, the pro rata portion of the merger consideration to be received is dependent upon the number of shares of Yuma common stock and preferred stock issued and outstanding immediately prior to the effective time of the merger and whether the downward adjustment to the merger consideration provided in the merger agreement occurs for dissenting shares. Consequently, the exact number of shares of Pyramid common stock to be received as a result of the merger by holders of Yuma common stock and preferred stock will not be known at the time Yuma stockholders vote on the merger agreement.

The board of directors of Pyramid unanimously: (i) has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Pyramid and its stockholders; (ii) has approved the merger agreement and the other transactions contemplated thereby; (iii) has approved the amendments to the Pyramid restated articles of incorporation; (iv) recommends that the stockholders of Pyramid vote “FOR” the proposal to approve and adopt the merger agreement and the actions contemplated thereby; (v) recommends that the stockholders of Pyramid vote “FOR” the proposals related to the restated articles of incorporation of Pyramid; (vi) recommends that the stockholders of Pyramid vote “FOR” the proposal to approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan; and (vii) recommends that the stockholders of Pyramid vote “FOR” any proposal to authorize the Pyramid board of directors, in its discretion, to adjourn the special meeting. Approval and adoption of the merger agreement and approval of the proposals related to the restated articles of incorporation of Pyramid each requires the affirmative vote of a majority of the issued and outstanding shares of Pyramid common stock. Approval and adoption of the Pyramid Oil Company 2014 Long-Term Incentive Plan and approval of the proposal to authorize Pyramid’s board of directors to adjourn the special meeting each requires the affirmative vote of a majority of the shares represented and voting in person or by proxy at the Pyramid special meeting. Because of their mutual dependence, if the proposal to approve and adopt the merger agreement or the proposals related to the restated articles of incorporation of Pyramid are not all approved, then none will be deemed to have been approved.

The board of directors of Yuma unanimously: (a) has determined that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable, fair to, and in the best interests of Yuma and its stockholders; (b) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; (c) has directed that the merger agreement be submitted to a vote of the Yuma stockholders at the Yuma special meeting; (d) recommends that the stockholders of Yuma vote “FOR” the proposal to approve and adopt the merger agreement, and (e) recommends that the stockholders of Yuma vote “FOR” any proposal to authorize Yuma’s board of directors, in its discretion, to adjourn the special meeting. Approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Yuma common stock and at least two-thirds or 66 % of the shares of Yuma preferred stock voting together as a separate class, issued and outstanding and entitled to vote at the Yuma special meeting. The affirmative vote of a majority of the votes cast by holders of common stock and preferred stock at the Yuma special meeting is required to approve any proposal to adjourn the Yuma special meeting.

***Your vote is important.*** The merger cannot be completed unless Yuma stockholders approve and adopt the merger agreement and Pyramid stockholders approve and adopt the merger agreement and approve the proposals related to the amendments to the Pyramid restated articles of incorporation at their respective stockholder meetings. The obligations of Pyramid and Yuma to complete the merger are also subject to the satisfaction or waiver of certain conditions. The places, dates and times of the respective stockholder meetings of Pyramid and Yuma are as follows:

For Pyramid stockholders:      For Yuma stockholders:

Hotel Granduca

Hotel Granduca

1080 Uptown Park Boulevard 1080 Uptown Park Boulevard

Houston, Texas 77056

Houston, Texas 77056

9:00 a.m. local time

10:00 a.m. local time

September 10, 2014

September 10, 2014

This proxy statement/prospectus gives you detailed information about the respective stockholder meetings of Pyramid and Yuma and the matters proposed to be considered and acted upon at the meetings. **We urge you to read this proxy statement/prospectus carefully, including “Risk Factors” beginning on page 24 for a discussion of the risks relating to the merger and other matters.** Whether or not you plan to attend your meeting, to ensure your shares are represented at the meeting, please vote as soon as possible by either completing and submitting the enclosed proxy card or voting using the telephone or Internet voting procedures described on your proxy card.

Pyramid’s common stock is listed on the NYSE MKT under the symbol “PDO” and the closing price of Pyramid’s common stock on August 8, 2014 was \$5.08 per share. Yuma is a privately held company and there is no public market for its securities.

**Neither the Securities and Exchange Commission, which we refer to as the SEC, nor any state securities commission has approved or disapproved of the merger or the securities to be issued under this proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosures in this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**This proxy statement/prospectus is dated August 11, 2014 and is first being mailed to Pyramid stockholders and Yuma stockholders on or about August 13, 2014.**

**PYRAMID OIL COMPANY**

**P. O. Box 832**

**Bakersfield, California 93302**

**(661) 325-1000**

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON SEPTEMBER 10, 2014**

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To the Stockholders of Pyramid Oil Company:

We are pleased to invite you to attend a special meeting of the stockholders of Pyramid Oil Company, a California corporation, which we refer to as Pyramid, which will be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 9:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger and Reorganization dated as of August 1, 2014, as it may be amended from time to time, which we refer to as the merger agreement, by and among Pyramid, Pyramid Delaware Merger Subsidiary, Inc., a Delaware corporation and a wholly owned subsidiary of Pyramid, Pyramid Merger Subsidiary, Inc., a Delaware corporation and a wholly owned subsidiary of Pyramid, referred to as Merger Subsidiary, and Yuma Energy, Inc., a Delaware corporation, referred to as Yuma.

2. To consider and vote upon separate proposals to approve certain amendments to Pyramid's restated articles of incorporation, each to take effect only upon consummation of the merger, as follows:

- to increase the authorized shares of Pyramid common stock from 50,000,000 shares to 300,000,000 shares;
- to provide for the classification of the board of directors of Pyramid into two classes with staggered terms;

to eliminate cumulative voting in the election of directors; and

to change the name of the Pyramid to “Yuma Energy, Inc.” after the merger.

3. To approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan.

4. To consider and vote on any proposal to authorize Pyramid’s board of directors, in its discretion, to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above at the time of the special meeting.

We do not expect to transact any other business at the special meeting. Pyramid’s board of directors has fixed the close of business on August 11, 2014 as the record date for determining those Pyramid stockholders entitled to vote at the special meeting and any adjournment or postponement thereof. Accordingly, only Pyramid stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting. A complete list of the Pyramid stockholders will be available for examination at the offices of Pyramid in Bakersfield, California, during ordinary business hours for a period of 10 days prior to the special meeting.

**The board of directors of Pyramid recommends that Pyramid stockholders vote “FOR” each of the proposals to be voted on at the special meeting. Because of their mutual dependence, if the proposal to approve and adopt the merger agreement or the proposals related to the restated articles of incorporation of Pyramid are not all approved, then none will be deemed to have been approved.**

We cordially invite you to attend the special meeting in person. However, to ensure your representation at the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If your shares are held in “street name” by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the proxy statement/prospectus accompanying this notice for more complete information regarding the matters to be voted on at the meeting.

By Order of the Board of Directors

/s/ Michael D. Herman

Michael D. Herman

Chairman, Interim President and Chief Executive Officer

Bakersfield, California

August 13, 2014

**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR TO VOTE BY TELEPHONE OR ON THE INTERNET USING THE INSTRUCTIONS ON THE PROXY CARD.**

**YUMA ENERGY, INC.**

**1177 West Loop South, Suite 1825**

**Houston, Texas 77027**

**(713) 968-7000**

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON SEPTEMBER 10, 2014**

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To the Stockholders of Yuma Energy, Inc.:

We are pleased to invite you to attend a special meeting of the stockholders of Yuma Energy, Inc., a Delaware corporation, which we refer to as Yuma, which will be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger and Reorganization dated as of August 1, 2014, as it may be amended from time to time, which we refer to as the merger agreement, by and among Pyramid Oil Company, two wholly owned subsidiaries of Pyramid, and Yuma.
2. To consider and vote on any proposal to authorize Yuma's board of directors, in its discretion, to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement.

We do not expect to transact any other business at the special meeting. Yuma's board of directors has fixed the close of business on August 11, 2014 as the record date for determining those Yuma stockholders entitled to vote at the special meeting and any adjournment or postponement thereof. Accordingly, only Yuma stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting. A complete list of the Yuma stockholders will be available for examination at the offices of Yuma in Houston, Texas, during ordinary business hours for a period of 10 days prior to the special meeting.



**The board of directors of Yuma recommends that Yuma stockholders vote “FOR” each of the proposals to be considered at the special meeting.**

Under the Delaware General Corporation Law (“DGCL”), if the merger is completed, holders of Yuma common stock or preferred stock who do not vote in favor of approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with the other DGCL procedures and requirements explained in the accompanying proxy statement/prospectus. A copy of Section 262 of the DGCL is attached to the proxy statement/prospectus as Annex E.

We cordially invite you to attend the special meeting in person. However, to ensure your representation at the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. Your proxy may be revoked at any time before it is voted. Please review the proxy statement/prospectus accompanying this notice for more complete information regarding the matters to be voted on at the meeting.

By Order of the Board of Directors

/s/ Sam L. Banks

Sam L. Banks

Chairman and Chief Executive Officer

Houston, Texas

August 13, 2014

**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.**

## ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Pyramid and Yuma that is not included in or delivered with this proxy statement/prospectus. See “Where You Can Find More Information” on page 152. This information is available to you without charge upon your written or oral request to:

Pyramid Oil Company	Yuma Energy, Inc.
P. O. Box 832	1177 West Loop South, Suite 1825
Bakersfield, California 93302	Houston, Texas 77027
(661) 325-1000	(713) 968-7000
Attention: Corporate Secretary	Attention: Corporate Secretary

You also may obtain certain documents relating to Pyramid at the Securities and Exchange Commission’s website, [www.sec.gov](http://www.sec.gov), and you may obtain certain of these documents at Pyramid’s website, [www.pyramidoil.com](http://www.pyramidoil.com), by selecting “Investors,” then selecting “SEC Filings.” Information contained on the Pyramid website is expressly not incorporated by reference into this proxy statement/prospectus. To receive timely delivery of the documents in advance of the Pyramid special meeting of stockholders, your request should be received no later than September 3, 2014.

Yuma’s board of directors is using this proxy statement/prospectus to solicit proxies from Yuma’s stockholders in connection with the merger agreement and the merger. Pyramid’s board of directors is using this proxy statement/prospectus to solicit proxies from Pyramid’s stockholders in connection with the merger agreement, the merger and the amendments to the restated articles of incorporation of Pyramid, and also as a prospectus for stockholders of Yuma because Pyramid is offering shares of its common stock to be issued in exchange for shares of Yuma common stock and preferred stock in the merger.

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	7
<u>SUMMARY</u>	9
<u>The Companies</u>	9
<u>The Merger</u>	9
<u>The Special Meetings and Voting</u>	14
<u>Matters to be Considered in Deciding How to Vote</u>	15
<u>Selected Consolidated Historical Financial Data of Pyramid</u>	18
<u>Selected Consolidated Historical Financial Data of Yuma</u>	19
<u>Selected Unaudited Pro Forma Condensed Combined Financial Information</u>	20
<u>Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve and Production Data</u>	21
<u>Comparative Per Share Information</u>	22
<u>Comparative Per Share Market Price and Dividend Information</u>	23
<u>RISK FACTORS</u>	24
<u>Risks Relating to the Merger</u>	24
<u>Risks Relating to Pyramid’s Business</u>	26
<u>Risks Relating to Yuma’s Business</u>	28
<u>Risks Relating to Pyramid’s Operations After Consummation of the Merger</u>	36
<u>Risks Relating to Pyramid Common Stock After Consummation of the Merger</u>	36
<u>THE COMPANIES</u>	38
<u>Pyramid Oil Company</u>	38
<u>Yuma Energy, Inc.</u>	39
<u>PYRAMID SPECIAL MEETING</u>	40
<u>General</u>	40
<u>Purpose of the Pyramid Special Meeting</u>	40
<u>Recommendation of the Pyramid Board of Directors</u>	40
<u>Record Date and Voting</u>	41
<u>Quorum</u>	41
<u>Vote Required</u>	42
<u>Revocability of Proxies</u>	42
<u>Voting Methods</u>	42
<u>Solicitation of Proxies</u>	42
<u>YUMA SPECIAL MEETING</u>	43

<u>General</u>	43
<u>Purpose of the Yuma Special Meeting</u>	43
<u>Recommendation of the Yuma Board of Directors</u>	43
<u>Record Date and Voting</u>	43
<u>Quorum</u>	44
<u>Vote Required</u>	44
<u>Revocability of Proxies</u>	44
<u>Voting by Mail</u>	45
<u>Solicitation of Proxies</u>	45
<u>THE MERGER</u>	46
<u>General</u>	46
<u>Background of the Merger</u>	46
<u>Recommendation of Pyramid’s Board of Directors and Reasons for the Merger</u>	51
<u>Recommendation of Yuma’s Board of Directors and Reasons for the Merger</u>	53
<u>Opinion of ROTH Capital Partners to the Pyramid Board of Directors</u>	55
<u>Interests of Yuma’s Directors and Executive Officers in the Merger</u>	59
<u>Interests of Pyramid’s Directors and Executive Officers in the Merger</u>	59
<u>Pyramid’s Board of Directors and Management After Consummation of the Merger</u>	60
<u>Regulatory Filings and Approvals Required For Completion of the Merger</u>	60
<u>Treatment of Yuma Restricted Stock Awards and Restricted Stock Units</u>	60
<u>Treatment of Pyramid Restricted Stock Awards</u>	60

<u>Dividends</u>	60
<u>Corporate Name Following the Completion of the Merger</u>	60
<u>Listing of Pyramid Shares</u>	60
<u>THE MERGER AGREEMENT</u>	61
<u>Merger Consideration</u>	61
<u>Conversion of Shares; Exchange of Certificates</u>	62
<u>Effective Time</u>	62
<u>Conditions to the Completion of the Merger</u>	62
<u>Representations and Warranties</u>	64
<u>Conduct of Business Pending the Merger</u>	65
<u>No Solicitation</u>	67
<u>Termination of the Merger Agreement</u>	68
<u>Amendment of the Merger Agreement</u>	70
<u>Expenses</u>	70
<u>No Third Party Beneficiaries</u>	70
<u>Specific Performance</u>	70
<u>VOTING AGREEMENTS</u>	71
<u>Pyramid Significant Stockholder</u>	71
<u>Yuma Stockholders</u>	71
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	72
<u>DISSENTERS' RIGHTS OF APPRAISAL</u>	75
<u>ACCOUNTING TREATMENT</u>	78
<u>INFORMATION ABOUT YUMA</u>	79
<u>General</u>	79
<u>Recent Developments</u>	80
<u>Competition</u>	80
<u>Environmental Regulations</u>	80
<u>Employees</u>	81
<u>Properties</u>	81
<u>Legal Proceedings</u>	89
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF YUMA</u>	90
<u>Overview</u>	90
<u>Critical Accounting Policies</u>	90
<u>Sales and Other Operating Revenues</u>	90
<u>Liquidity and Capital Resources</u>	96
<u>Hedging Activities</u>	98
<u>Commitments and Contingencies</u>	100
<u>Off Balance Sheet Arrangements</u>	100
<u>Quantitative and Qualitative Disclosures About Market Risk of Yuma</u>	100

<u>INFORMATION ABOUT PYRAMID</u>	101
<u>Overview</u>	101
<u>Description of Business – Oil and Gas Operations</u>	101
<u>Employees</u>	103
<u>Properties</u>	103
<u>Legal Proceedings</u>	105
<u>MANAGEMENT OF PYRAMID</u>	106
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF PYRAMID</u>	109
<u>Impact of Changing Prices</u>	109
<u>Critical Accounting Policies</u>	109
<u>Liquidity and Capital Resources</u>	110
<u>Results of Operations For the Fiscal Year Ended December 31, 2013 Compared To The Fiscal Year Ended December 31, 2012</u>	111
<u>Results of Operations For the Fiscal Year Ended December 31, 2012 Compared To The Fiscal Year Ended December 31, 2011</u>	113

<u>Results of Operations For the Three Months Ended March 31, 2014 Compared To The Three Months Ended March 31, 2013</u>	114
<u>MANAGEMENT OF PYRAMID FOLLOWING THE MERGER</u>	116
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF YUMA</u>	125
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PYRAMID</u>	126
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PYRAMID UPON CONSUMMATION OF THE MERGER</u>	127
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	128
<u>PRICE RANGE OF COMMON STOCK AND DIVIDENDS</u>	134
<u>Pyramid</u>	134
<u>Yuma</u>	134
<u>Pyramid Future Dividend Policy</u>	134
<u>DESCRIPTION OF PYRAMID CAPITAL STOCK</u>	135
<u>Common Stock</u>	135
<u>Preferred Stock</u>	135
<u>Transfer Agent and Registrar</u>	135
<u>Listing</u>	135
<u>FUTURE STOCKHOLDER PROPOSALS</u>	136
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	136
<u>RESTATED ARTICLES OF INCORPORATION OF PYRAMID OIL COMPANY PROPOSALS</u>	138
<u>PYRAMID OIL COMPANY 2014 LONG-TERM INCENTIVE PLAN PROPOSAL</u>	140
<u>SIGNIFICANT DIFFERENCES BETWEEN THE CORPORATION LAWS OF CALIFORNIA AND DELAWARE</u>	147
<u>LEGAL MATTERS</u>	152
<u>EXPERTS</u>	152
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	152
<u>GLOSSARY OF OIL AND GAS TERMS</u>	153
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1
<u>Historical Consolidated Financial Statements of Yuma</u>	F-2
<u>Historical Financial Statements of Pyramid</u>	F-79

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Annex  
A Amended and Restated Agreement and Plan of Merger and Reorganization dated as of August 1, 2014, by and among Yuma Energy, Inc., Pyramid Oil Company, Pyramid Delaware Merger Subsidiary, Inc., and Pyramid Merger Subsidiary, Inc.

Annex  
B Amended and Restated Voting Agreement – Michael D. Herman

Annex  
C Amended and Restated Voting Agreement – Yuma Stockholders

Annex  
D Opinion of ROTH Capital Partners, LLC

Annex  
E Section 262 of the Delaware General Corporation Law

Annex  
F Proposed Restated Articles of Incorporation of Pyramid Oil Company

Annex  
G Pyramid Oil Company 2014 Long-Term Incentive Plan

Annex  
H Pyramid Oil Company Amended and Restated Bylaws



## QUESTIONS AND ANSWERS ABOUT THE MERGER

### **Q: What is the proposed merger transaction?**

Pyramid Oil Company, which we refer to as “Pyramid,” and Yuma Energy, Inc., which we refer to as “Yuma,” have entered into a merger agreement pursuant to which Pyramid Merger Subsidiary, Inc., a wholly owned subsidiary of Pyramid, which we refer to as Merger Subsidiary, will merge with and into Yuma with Yuma surviving the merger as a wholly owned subsidiary of Pyramid, and Yuma will change its name to “The Yuma Companies, Inc.” We refer to this as the merger. As part of the merger, Pyramid’s name will be changed to “Yuma Energy, Inc.” At the effective time of the merger, each issued and outstanding share of Yuma’s common stock and preferred stock (other than dissenting shares) will be converted automatically into the right to receive a pro rata portion of 66,336,701 shares of Pyramid common stock, no par value per share, as described under “The Merger Agreement—Merger Consideration” beginning on page 61. After the merger, former holders of Yuma common stock and preferred stock will own approximately 93% of Pyramid’s common stock then outstanding and holders of Pyramid’s common stock will own approximately 7% of Pyramid’s common stock then outstanding.

### **Q: Why are Pyramid and Yuma proposing the merger?**

A: The boards of directors of Pyramid and Yuma have each concluded that the merger is in the best interests of their stockholders.

As set forth in greater detail elsewhere in this proxy statement/prospectus, Pyramid’s board of directors considered many factors in making its recommendations to Pyramid’s stockholders. Among the factors considered by Pyramid’s board of directors were:

- the combination will greatly diversify and increase estimated proved reserves;

- the combined entity’s market capitalization and its expected enhanced access to debt and equity capital markets, which the Pyramid board of directors believes will enhance the ability to finance development and production of the combined entity’s increased scale of operations;

- the combination will provide Pyramid with a larger portfolio of exploitation and exploration opportunities in liquids prone resource plays within areas targeted by Yuma; and

- the presentation and opinion of ROTH Capital Partners, LLC, referred to herein as “ROTH,” Pyramid’s financial advisor, to the effect that, as of the date of the opinion and based upon the assumptions, limitations, qualifications and conditions stated in the opinion letter, the merger exchange ratio of the merger as between Pyramid and Yuma stockholders is fair to Pyramid and its stockholders, from a financial point of view, as more fully described below

under the caption “The Merger – Opinion of ROTH Capital Partners to the Pyramid Board of Directors.”

For more detailed information regarding the factors considered by Pyramid’s board of directors, see “The Merger—Recommendation of Pyramid’s Board of Directors and Reasons for the Merger” beginning on page 51.

As set forth in greater detail elsewhere in this proxy statement/prospectus, Yuma’s board of directors considered many factors in making its recommendations to Yuma’s stockholders. Among the factors considered by Yuma’s board of directors were:

- Yuma’s stockholders would receive an aggregate of 66,336,701 shares of Pyramid common stock and that receipt of these shares would not be a taxable transaction for Yuma’s stockholders;

Pyramid’s common stock is traded on the NYSE MKT, and the shares to be issued to Yuma’s stockholders will also be listed on the NYSE MKT thereby providing liquidity which Yuma’s privately held shares do not presently have; and

Yuma’s stockholders will have the opportunity to participate in the combined company’s growth and share appreciation in the future should they retain their Pyramid common stock after the merger.

For more detailed information regarding the factors considered by Yuma's board of directors, see "The Merger—Recommendation of Yuma's Board of Directors and Reasons for the Merger" beginning on page 53.

**Q: Why am I receiving this proxy statement/prospectus?**

Pyramid's and Yuma's boards of directors are using this proxy statement/prospectus to solicit proxies of Pyramid and Yuma stockholders in connection with the merger agreement and the merger. In addition, Pyramid is using this proxy statement/prospectus as a prospectus for Yuma stockholders because Pyramid is offering shares of its common stock to be issued in exchange for shares of Yuma common stock and preferred stock in the merger.

In order to complete the merger, Pyramid stockholders must vote to (i) approve and adopt the merger agreement; (ii) approve all of the proposals related to certain amendments to the Pyramid restated articles of incorporation; and Yuma stockholders must vote to approve and adopt the merger agreement.

Pyramid and Yuma will hold separate special meetings of their respective stockholders to obtain these approvals. This proxy statement/prospectus contains important information about the merger and the special meetings of the stockholders of Pyramid and Yuma, and you should read it carefully. The enclosed voting materials allow you to vote your shares of Pyramid common stock and/or Yuma common stock and preferred stock without attending the applicable special meetings.

We encourage you to submit your proxy as promptly as possible.

**Q: When and where is the special meeting of Pyramid stockholders?**

A: Pyramid's special meeting will be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 9:00 a.m., local time.

**Q: When and where is the special meeting of Yuma stockholders?**

A: Yuma's special meeting will be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 10:00 a.m., local time.

**Q: Who can vote at the special meeting?**

A:

All Pyramid stockholders of record as of the close of business on August 11, 2014, the record date for determining stockholders entitled to notice of and to vote at Pyramid's special meeting, are entitled to receive notice of and to vote at Pyramid's special meeting. As of the record date, there were 4,788,085 shares of Pyramid common stock outstanding and entitled to vote at the Pyramid special meeting, held by approximately 189 holders of record. Each share of Pyramid common stock is entitled to one vote on each proposal presented at Pyramid's special meeting.

All Yuma stockholders of record as of the close of business on August 11, 2014, the record date for determining stockholders entitled to notice of and to vote at Yuma's special meeting, are entitled to receive notice of and to vote at Yuma's special meeting. As of the record date, there were 57,493 shares of Yuma's common stock outstanding and 36,723 shares of its preferred stock outstanding and entitled to vote at the Yuma special meeting, held by approximately 152 holders of record. Each share of Yuma common stock and each share of preferred stock is entitled to one vote on each proposal presented at Yuma's special meeting. The Yuma common stock and preferred stock will each be voted and counted as separate classes of stock.

**Q: What constitutes a quorum?**

A: The Pyramid bylaws provide that a majority of the outstanding shares of Pyramid common stock entitled to vote at the meeting, represented in person or by proxy, constitutes a quorum at a meeting of its stockholders.

The Yuma bylaws provide that a majority of the outstanding shares of Yuma common stock and preferred stock entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of its stockholders.

Shares that are voted and shares abstaining from voting are treated as being present at each of the Pyramid special meeting and the Yuma special meeting, as applicable, for purposes of determining whether a quorum is present.

**Q: What vote is required to approve the proposals at Pyramid's special meeting and Yuma's special meeting?**

Approval of the proposal to approve and adopt the merger agreement and the proposals related to the Pyramid restated articles of incorporation each requires the affirmative vote of the holders of at least a majority of the issued and outstanding shares of Pyramid common stock. Approval of the proposal of Pyramid to approve and adopt the Pyramid 2014 Long-Term Incentive Plan and approval of the proposal of Pyramid to authorize Pyramid's board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above each requires the affirmative vote of the holders of at least a majority of the shares of Pyramid common stock represented in person or by proxy at the special meeting and voting on each such proposal, provided that such shares voting affirmatively must also constitute a majority of the required quorum for the meeting.

Approval of the proposal by Yuma to approve and adopt the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of Yuma common stock and at least two-thirds or 66 % of Yuma's outstanding Series A and Series B preferred stock voting together as a separate class. The proposal to authorize Yuma's board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement at the time of the special meeting each requires the affirmative vote of the holders of at least a majority of each class of the shares of Yuma common stock and preferred stock represented in person or by proxy at the special meeting and entitled to vote on such proposal.

Your vote is important. We encourage you to submit your proxy as promptly as possible.

**Q. How will Pyramid's significant shareholder vote the shares owned by him?**

A. Yuma has entered into a voting agreement with Michael D. Herman, Chairman and Interim President and Chief Executive Officer of Pyramid, who currently beneficially owns 1,952,580 shares of Pyramid common stock (which excludes stock options exercisable for 50,000 shares of Pyramid common stock) or approximately 40.8% of the outstanding Pyramid common stock. The voting agreement provides that Mr. Herman will vote his shares of Pyramid common stock in favor of the proposal to approve and adopt the merger agreement and the proposals related to the Pyramid restated articles of incorporation.

**Q. How will Yuma's directors vote their shares owned by them?**

A. Pyramid has entered into a voting agreement with the directors of Yuma, who currently own an aggregate of 54,736 shares of Yuma common stock or approximately 95.2% of the outstanding Yuma common stock, an aggregate of 471 shares of Yuma Series A preferred stock or approximately 2.8% of the outstanding Yuma Series A preferred

stock, and an aggregate of 1,909 shares of Yuma Series B preferred stock or approximately 9.4% of the outstanding Yuma Series B preferred stock. The voting agreement provides that the Yuma directors will vote their shares of Yuma preferred stock and common stock in favor of the proposal to approve and adopt the merger agreement.

**If my shares of Pyramid common stock are held in “street name” by my broker or other nominee, will my Q: broker or other nominee vote my shares of Pyramid common stock for me? What happens if I do not vote for a proposal?**

A: Unless you instruct your broker or other nominee how to vote your shares of Pyramid common stock held in street name, your shares will NOT be voted. This is referred to as a “broker non-vote.” If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide your broker or other nominee with instructions on how to vote your shares. Please follow the voting instructions provided by your broker or other nominee on the enclosed voting instruction card. You should also be aware that you may not vote shares of Pyramid common stock held in street name by returning a proxy card directly to Pyramid or Yuma or by voting in person at the Pyramid or Yuma special meetings unless you provide a “legal proxy,” which you must obtain from your broker or other nominee.

If you are a Pyramid stockholder, abstentions will be counted in determining the presence of a quorum and broker non-votes will be counted in determining the presence of a quorum. Broker non-votes will not be counted as votes cast with regard to the proposal to approve and adopt the merger agreement and the proposals related to the Pyramid restated articles of incorporation, and as such, broker non-votes could result in there not being sufficient votes cast for such proposals. With respect to the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan and the proposal to authorize Pyramid’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above, broker non-votes and abstentions could prevent the proposals from receiving the required affirmative vote of (i) a majority of the shares represented in person or by proxy and voting on the proposals and (ii) a majority of the shares required to constitute the quorum.

If you are a Yuma stockholder, abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as votes cast AGAINST (i) the proposal to approve and adopt the merger agreement, and (ii) the proposal to authorize Yuma’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement at the time of the special meeting.

**Q: If I am a Yuma stockholder, should I send in my stock certificates with my proxy card?**

A: NO. Please DO NOT send your Yuma stock certificates with your proxy card. If the merger is approved and adopted, you will be sent written instructions for exchanging your stock certificates.

**Q: If I am a Pyramid stockholder, should I send in my stock certificates with my proxy card?**

A: NO. Please DO NOT send your Pyramid stock certificates with your proxy card.

**Q: What are the tax consequences of the merger?**

The merger is intended to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. Subject to the discussion set forth in “Material U.S. Federal Income Tax Consequences” beginning on page 72, a Yuma stockholder will not recognize (i.e., take into account for tax purposes) gain or loss as a result of the merger. A taxable gain or loss may be recognized on the subsequent sale or disposition by a person receiving stock in the merger.

If you are a non-U.S. holder of Yuma common stock, your tax treatment and whether you are taxable as a result of the merger will differ from what is described above and will depend on the percentage of Yuma common stock that you own and your individual circumstances at the effective time of the merger.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend on such stockholder’s circumstances. Accordingly, Yuma and Pyramid urge you to consult your tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of U.S. federal, state, local and foreign income and other tax laws. For a more complete discussion of the material U.S. federal income tax consequences of the merger, see “Material U.S. Federal Income Tax Consequences.”

It is a condition to Yuma’s obligations to complete the merger that the Yuma board of directors has a good faith belief that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. This condition may be waived by Yuma, and in such event Yuma will undertake to recirculate and re-solicit its stockholders if the condition is waived and the change in tax consequences is material.

**Q: Are Yuma stockholders entitled to appraisal rights?**

A: Yes. Common and preferred stockholders of Yuma who do not vote in favor of the proposal of Yuma to approve and adopt the merger agreement will be entitled to dissent to the merger pursuant to Section 262 of the Delaware General Corporation Law, which we refer to as the DGCL, and obtain the fair value of the stockholders’ shares if

such rights are properly demanded and perfected and not withdrawn or lost and the merger is completed.

**Q: Are Pyramid stockholders entitled to appraisal rights?**

A: No.

**Q: How does Pyramid's board of directors recommend that Pyramid stockholders vote?**

A: Pyramid's board of directors has unanimously (i) determined that the merger agreement, the merger, the other transactions contemplated thereby, and the restated articles of incorporation of Pyramid are advisable, fair to, and in the best interests of Pyramid and its stockholders, (ii) approved the merger agreement, the merger, the other transactions contemplated thereby, and the restated articles of incorporation of Pyramid, (iii) approved the Pyramid 2014 Long-Term Incentive Plan, and (iv) approved the proposal to authorize Pyramid's board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Pyramid's board of directors unanimously recommends that Pyramid stockholders vote "FOR" the proposal to approve and adopt the merger agreement, "FOR" all of the proposals related to the restated articles of incorporation of Pyramid, "FOR" the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan, and "FOR" any proposal to authorize Pyramid's board of directors to adjourn the special meeting. For a more complete description of the recommendation of Pyramid's board of directors, see "The Merger — Recommendation of Pyramid's Board of Directors and Reasons for the Merger" beginning on page 51.



**Q: How does Yuma’s board of directors recommend that Yuma’s stockholders vote?**

Yuma’s board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of Yuma and its stockholders, (ii) approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and (iii) approved the proposal to authorize Yuma’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Yuma’s board of directors unanimously recommends that Yuma’s stockholders vote “FOR” the proposal to approve and adopt the merger agreement, and “FOR” any proposal to authorize Yuma’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement at the time of the special meeting. For a more complete description of the recommendation of Yuma’s board of directors, see “The Merger — Recommendation of Yuma’s Board of Directors and Reasons for the Merger” beginning on page 53.

**Q: How will Pyramid stockholders be affected by the merger and share issuance?**

After the merger, each Pyramid stockholder will continue to own the same number of shares of Pyramid common stock that the stockholder held immediately prior to the merger. However, because Pyramid will be issuing new shares of common stock to Yuma stockholders in the merger, each outstanding share of Pyramid common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of Pyramid common stock outstanding after the merger. As a result of the merger, each Pyramid stockholder will own a smaller percentage of shares in a larger company with more assets.

**Q: What do I need to do now?**

After you have carefully read this proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed preaddressed postage-paid envelope or, if available, by submitting your proxy by one of the other methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of Pyramid common stock or Yuma common stock and preferred stock will be represented and voted at Pyramid’s special meeting or Yuma’s special meeting, as applicable.

Please refer to your proxy card or voting instruction card forwarded by your broker or other nominee to see which voting options are available to you.

The method by which you submit a proxy will in no way limit your right to vote at Pyramid’s special meeting or Yuma’s special meeting if you later decide to attend the meeting in person. However, if your shares of Pyramid common stock are held in the name of a broker or other nominee, you must obtain a legal proxy, executed in your favor, from your broker or other nominee, to be able to vote in person at Pyramid’s special meeting.

**Q: How will my proxy be voted?**

All shares of Pyramid common stock entitled to vote and represented by properly completed proxies received prior to Pyramid's special meeting, and not revoked, will be voted at Pyramid's special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of Pyramid common stock should be voted on a matter, the shares of Pyramid common stock represented by your proxy will be voted as Pyramid's board of directors recommends and therefore "FOR" the proposal to approve and adopt the merger agreement, "FOR" all of the proposals related to the restated articles of incorporation of Pyramid, "FOR" the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan, and "FOR" any proposal to authorize Pyramid's board of directors to adjourn the special meeting. If you do not provide voting instructions to your broker or other nominee, your shares of Pyramid common stock will NOT be voted at the meeting and will be considered broker non-votes.

All shares of Yuma common stock and preferred stock entitled to vote and represented by properly completed proxies received prior to Yuma's special meeting, and not revoked, will be voted at Yuma's special meeting as instructed on the proxies. If you properly sign, date and return a proxy card to Yuma, but do not indicate how your shares of Yuma common stock and/or preferred stock should be voted on a matter, the shares of Yuma common stock and/or preferred stock represented by your proxy will be voted as Yuma's board of directors recommends and therefore "FOR" the proposal to approve and adopt the merger agreement and "FOR" any proposal to authorize Yuma's board of directors to adjourn the special meeting. If you do not provide voting instructions to Yuma, your shares of Yuma common stock and preferred stock will be voted "FOR" both proposals described above.

**Q: Can I revoke my proxy or change my vote after I have delivered my proxy?**

Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at Pyramid's special meeting or Yuma's special meeting, as applicable. If you are a holder of record, you can do this in any of the three following ways:

by sending a written notice to the Corporate Secretary of Pyramid or the Corporate Secretary of Yuma, as applicable, at the address set forth below, in time to be received before Pyramid's special meeting or Yuma's special meeting, as applicable, stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before Pyramid's special meeting or Yuma's special meeting, as applicable, or by submitting a later dated proxy by the Internet or telephone (in the case of Pyramid stockholders) in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

by attending the Pyramid special meeting or the Yuma special meeting, as applicable, and voting in person. However, simply attending Pyramid's special meeting or Yuma's special meeting without voting will not revoke your proxy or change your vote.

If your shares of Pyramid common stock are held in an account at a broker or other nominee and you desire to change your vote or vote in person, you should contact your broker or other nominee for instructions on how to do so.

**Q: What should I do if I receive more than one set of voting materials for Pyramid's special meeting?**

You may receive more than one set of voting materials for Pyramid's special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of Pyramid common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of Pyramid common stock. If you are a holder of record and your shares of Pyramid common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or if available, please submit your proxy by telephone or over the Internet.

**Q: What happens if I am a stockholder of both Pyramid and Yuma?**

You will receive separate proxy cards for each company and must complete, sign and date each proxy card and return each proxy card in the appropriate preaddressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each company.

**Q: Who can I call with questions about the stockholders' meetings, the merger and the other matters to be voted upon?**

A: If you have any questions about these matters or how to submit your proxy or voting instruction card, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instruction card, you should contact:

If you are a Pyramid stockholder:

Pyramid Oil Company

P. O. Box 832

Bakersfield, California 93302

(661) 325-1000

Attention: Corporate Secretary

If you are a Yuma stockholder:

Yuma Energy, Inc.

1177 West Loop South, Suite 1825

Houston, Texas 77027

(713) 968-7068

Attention: Corporate Secretary

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, intentions, future performance and business of each of Pyramid and Yuma that are not historical facts and are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of the management of the companies and on the information currently available to such management. Forward-looking statements include information concerning possible or assumed future results of Pyramid, Yuma and the combined company and may be preceded by, followed by, or otherwise include the words “probable,” “may,” “expect,” “estimate,” “project,” “plan,” “believe,” “intend,” “achievable,” “anticipate,” “will,” “continue,” “potential,” “should,” “could” expressions. These statements occur in, among other places:

“Questions and Answers About the Merger;”

“Summary—Selected Historical Financial Data of Yuma;” “—Selected Historical Financial Data of Pyramid;” “—Selected Unaudited Pro Forma Condensed Consolidated Financial Information;” “—Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve and Production Data;” “—Comparative Per Share Information;” and “—Comparative Per Share Market Price and Dividend Information;”

“Risk Factors;”

“The Merger—Background of the Merger;” “—Recommendation of Pyramid’s Board of Directors and Reasons for the Merger;” and “—Recommendation of Yuma’s Board of Directors and Reasons for the Merger;”

“The Merger—Opinion of ROTH Capital Partners to the Pyramid Board of Directors;”

“Unaudited Pro Forma Condensed Combined Financial Information;” and

Statements contained elsewhere in this proxy statement/prospectus concerning Pyramid’s and Yuma’s plans for the combined company’s growth and future operations or financial position.

These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated in the forward-looking statements due to, among others, the factors discussed under “Risk Factors” beginning on page 24 of this proxy statement/prospectus, as well as the following factors:

the possibility that the companies may be unable to obtain stockholder approvals required for the merger;

- the possibility that problems may arise in successfully integrating the businesses of the two companies;

- the possibility that the merger may involve unexpected costs;

- the possibility that the businesses may suffer as a result of uncertainty surrounding the merger;

the possibility that the industry may be subject to future regulatory or legislative actions (including any additional taxes);

the volatility in commodity prices for oil, gas and natural gas liquids, and in the supply of and demand for oil and natural gas;

the presence or recoverability of estimated oil, gas and natural gas liquids reserves and the actual future production rates and associated costs;

- the ability of the combined company to replace oil, gas and natural gas liquids reserves;

- environmental risks;

- drilling and operating risks;

- exploration and development risks;

competition;

the ability of the combined company's management to execute its plans to meet its goals;

the ability of the combined company to retain key members of its senior management and key employees;

the combined company's ability to generate sufficient cash flow from operations, borrowings or other sources to fully execute its business plan;

general economic conditions, whether internationally, nationally or in the regional and local market areas in which Pyramid and Yuma conduct their businesses, may be less favorable than expected, including the possibility that economic conditions in the United States will worsen and that capital markets are disrupted, which could adversely affect demand for oil and natural gas and make it difficult to access financial markets;

social unrest, political instability, armed conflict, or acts of terrorism or sabotage in oil and natural gas producing regions, such as northern Africa, the Middle East or our markets; and

other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our business, operations or pricing.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Pyramid. See "Where You Can Find More Information" beginning on page 152 of this proxy statement/prospectus.

Forward-looking statements speak only as of the date of this proxy statement/prospectus. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Pyramid or Yuma or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither Pyramid nor Yuma undertakes any obligation to update forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

## **SUMMARY**

*The following summary highlights some of the information contained in this proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement, the merger and the other transactions contemplated thereby, Pyramid and Yuma encourage you to read carefully this entire proxy statement/prospectus, including the attached Annexes. We have defined certain oil and gas industry terms used in this proxy statement/prospectus in the “Glossary of Oil and Gas Terms” beginning on page 153.*

### **The Companies**

**(Pages 38 and 39)**

#### **Pyramid Oil Company**

P. O. Box 832

Bakersfield, California 93302

(661) 325-1000

Pyramid is engaged in the business of the exploration, development and production of crude oil and natural gas. Pyramid acquires interests in land and producing properties through acquisitions and leases and then drills and/or operates crude oil or natural gas wells in efforts to discover and produce oil and gas. Crude oil and natural gas produced from these properties are sold to various refineries and pipeline companies. The majority of the oil and gas properties that Pyramid owns and operates are for its account. Pyramid also participates in joint ventures with other companies in the development of oil and gas properties. Although Pyramid owns some minor oil and gas interests in New York, Wyoming and Texas, all of its major revenue-producing properties are in California. Immediately prior to the completion of the merger, Pyramid intends to transfer most of its oil and gas working interests to a wholly-owned subsidiary.

#### **Pyramid Merger Subsidiary, Inc.**

P. O. Box 832

Bakersfield, California 93302



(661) 325-1000

Pyramid Merger Subsidiary, Inc., which we refer to as Merger Subsidiary, is a Delaware corporation and a direct wholly owned subsidiary of Pyramid and was formed solely for the purpose of consummating the merger. Pyramid Merger Subsidiary, Inc. has not carried on any activities to date, except for activities incidental to formation and activities undertaken in connection with the merger.

### **Yuma Energy, Inc.**

1177 West Loop South, Suite 1825

Houston, Texas 77027

(713) 968-7000

Yuma Energy, Inc. is a U.S.-based oil and gas company focused on the exploration for, and development of, conventional and unconventional oil and gas prospects. Yuma's predecessor was established in 1983. Yuma has employed a 3-D seismic-based strategy to build a multi-year inventory of development and exploration prospects. Yuma's current operations are focused on onshore central Louisiana, where Yuma is targeting the Austin Chalk, Tuscaloosa, Wilcox, Frio, Marg Tex and Hackberry formations. In addition, Yuma has a non-operated position in the Bakken Shale in North Dakota. Yuma's core competencies in generating oil and gas prospects include: unconventional oil plays; onshore liquids-rich projects; and high impact deep onshore prospects located beneath known producing trends, identified through the use of 3-D seismic surveys.

### **The Merger**

(Page 46)

### **The Structure of the Merger**

Pyramid has agreed to acquire Yuma under the terms and conditions set forth in the merger agreement, which we describe in this proxy statement/prospectus. Pursuant to the merger agreement, a newly formed subsidiary of Pyramid, which we refer to as "Merger Subsidiary," will merge with and into Yuma, with Yuma continuing as the surviving corporation and a wholly owned subsidiary of Pyramid. We refer to this as the merger. This process is often called a "reverse merger" because a larger private company (Yuma) is merged with a subsidiary of a smaller public company (Pyramid). We have attached the merger agreement as Annex A to this proxy statement/prospectus. We encourage you to carefully read the merger agreement in its entirety. We currently expect that the merger will be completed in the third quarter of 2014. However, we cannot predict the actual timing of the completion of these transactions or if they will ultimately occur.



## **Merger Consideration**

The merger agreement provides that at the effective time of the merger each share of Yuma common stock and preferred stock issued and outstanding immediately prior to the effective time will be converted into the right to receive shares of Pyramid common stock. In the merger, Pyramid agreed to issue 66,336,701 shares of its common stock to former Yuma stockholders at the effective time of the merger. No assurance can be given that the current fair market value of Pyramid common stock will be equivalent to the fair market value of Pyramid common stock on the date that the merger consideration is received by a Yuma stockholder or at any other time. The actual fair market value of the Pyramid common stock received by Yuma stockholders depends upon the fair market value of Pyramid common stock upon receipt, which may be higher or lower than the market price of Pyramid common stock on the date the merger was announced, on the date that this proxy statement/prospectus is mailed to Yuma's stockholders, or on the date of the special meeting of Yuma stockholders.

## **Treatment of Yuma Restricted Stock Awards and Restricted Stock Units**

Each restricted stock unit issued by Yuma under any stock option, purchase or award plan, program or arrangement and outstanding at the time of the merger shall be assumed by Pyramid, multiplied by the number of shares of Pyramid common stock to be received for each share of Yuma common stock in the merger and converted into the number of Pyramid restricted stock units described under "The Merger—Treatment of Yuma Restricted Stock Awards and Restricted Stock Units." Each outstanding Yuma restricted share granted under any Yuma stock plan and which will not vest upon consummation of the merger, will be assumed by Pyramid, multiplied by the number of shares of Pyramid common stock to be received for each share of Yuma common stock in the merger and converted into Pyramid restricted shares. Any Yuma restricted shares that have vested or vest upon the closing of the merger shall be deemed outstanding and shall be entitled to their pro rata share of the merger consideration discussed below under "Security Ownership of Certain Beneficial Owners of Pyramid Upon Consummation of the Merger" beginning on page 127.

## **Treatment of Pyramid Options and Pyramid Restricted Stock Awards**

Options granted by Pyramid under the Pyramid stock option plan will remain outstanding and continue to represent rights to acquire shares of Pyramid common stock on the terms and conditions presently governing the stock options. Restricted stock granted by Pyramid under the Pyramid stock option plan will vest upon the closing of the merger.

## **Ownership of Pyramid After the Merger**

Pyramid will issue 66,336,701 shares of Pyramid common stock to former Yuma stockholders pursuant to the merger. Immediately following the completion of the merger, Pyramid expects to have approximately 71,224,786 shares of its common stock outstanding. Yuma stockholders are therefore expected to hold approximately 93% of Pyramid's common stock outstanding immediately after the merger. Consequently, Pyramid stockholders, as a general matter, will have less influence over the management and policies of Pyramid than they currently exercise.

### **Directors and Executive Officers of Pyramid After the Merger**

The directors and executive officers of Pyramid prior to the merger will resign as directors and executive officers of Pyramid as part of the closing of the merger. Information concerning the six board nominees and the officers expected to be appointed to serve Pyramid upon closing of the merger is set forth in detail under "Management of Pyramid Following the Merger" beginning on page 116.

### **Effective Time and Completion of the Merger**

Pyramid and Yuma hope to complete the merger as soon as reasonably practicable and expect the closing of the merger to occur in the third quarter of 2014. However, the merger is subject to the satisfaction or waiver of other conditions, and it is possible that factors outside the control of Pyramid and Yuma could result in the merger being completed at an earlier time, a later time or not at all. If the merger has not been completed on or before December 31, 2014, either Pyramid or Yuma may terminate the merger agreement unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligations under the merger agreement or a material breach of the merger agreement by such party.

### **Completion of the Merger is Subject to Certain Conditions**

A number of conditions must be satisfied or waived, where legally permissible, before the merger can be consummated. These include, among others:

·the approval by the Pyramid stockholders of the restated articles of incorporation of Pyramid proposals;

·the approval and adoption by Pyramid stockholders of the merger agreement;

·the approval and adoption of the merger agreement by Yuma stockholders;

·the effectiveness of the Form S-4 registration statement, of which this proxy statement/prospectus is a part, and the absence of a stop order suspending the effectiveness of the Form S-4 registration statement or proceedings for such purpose pending before or threatened by the SEC;

·the issuance of shares of Pyramid common stock shall be exempt from registration, or shall have been registered or qualified, under state securities laws;

·the approval for listing on the NYSE MKT of the shares of Pyramid common stock to be issued pursuant to the merger agreement, subject to official notice of issuance;

·the board of directors of Yuma shall have a good faith belief that the merger will qualify as a reorganization within the meaning of the Code (which is a condition to the merger and such belief will be based on the tax opinion of TroyGould PC discussed under “Material Federal U.S. Tax Consequences” beginning on page 72);

·no governmental entity having jurisdiction over any party shall have enacted, issued, promulgated, enforced or entered any order, whether temporary, preliminary or permanent, that makes illegal, enjoins or otherwise prohibits consummation of the merger or the other transactions contemplated by the merger agreement;

·the board of directors of Pyramid shall have received an opinion from ROTH to the effect that, as of the date of the original merger agreement and based upon and subject to the qualifications and assumptions set forth therein, the exchange ratio of the merger is fair, from a financial point of view, to Pyramid and its stockholders;

·the accuracy of the representations and warranties of Pyramid and Yuma in the merger agreement, subject to certain materiality thresholds;

·the performance in all material respects by each of Pyramid and Yuma of its respective covenants required to be performed by it under the merger agreement at or prior to the closing date;

·receipt of certificates by executive officers of each of Pyramid and Yuma to the effect that the conditions described in the preceding two bullet points have been satisfied;

Pyramid and Yuma shall each have obtained any consents, approvals and waivers to the merger required of any third party;

there not having occurred a material adverse effect on Pyramid or Yuma since the date of the merger agreement, the effects of which are continuing; and

dissenting shares, if any, shall constitute less than 1% of the issued and outstanding common stock of Yuma and less than 5% of the issued and outstanding shares of its Series A and its Series B preferred stock.

Neither Pyramid nor Yuma can give any assurance as to when or if all of the conditions to the consummation of the merger will be satisfied or waived or that the merger will occur.

It is a condition to Yuma's obligations to complete the merger that the Yuma board of directors has a good faith belief that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. This condition may be waived by Yuma, and in such event Yuma will undertake to recirculate and re-solicit its stockholders if the condition is waived and the change in tax consequences is material.

#### **Termination of the Merger Agreement; Fees Payable**

In general, the merger agreement may be terminated at any time prior to the effective time of the merger in the following ways, subject to certain exceptions discussed in "The Merger Agreement – Termination of the Merger Agreement":

·by mutual written agreement of Pyramid and Yuma;

·by either Pyramid or Yuma:

· if the merger is not completed on or before December 31, 2014, unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligation under the merger agreement or a material breach of the merger agreement by such party;

·if any court or other governmental entity shall have issued a statute, rule, order, decree or regulation or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the merger or making the merger illegal;

·if the Yuma stockholders fail to approve and adopt the merger agreement by the requisite vote;

·if there has been a material breach of any of the representations, warranties or covenants set forth in the merger agreement on the part of any of the other parties, which breach has not been cured prior to the earlier of 10 days (with regard to representations and warranties) or 20 days (with regard to covenants) following receipt by the breaching party of written notice of such breach from the terminating party or December 31, 2014 (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement); or

·if the Pyramid stockholders fail to approve and adopt the merger agreement.

·by Yuma if, notwithstanding the existence of the voting agreement with the members of the board of directors of Yuma, prior to receipt of the Yuma stockholders' approval, Yuma receives a superior offer (as defined below), resolves to accept such superior offer, complies with the termination fee payment obligations and gives Pyramid at least four business days' prior written notice of its intention to terminate;

·by Yuma, if the board of directors of Pyramid shall have failed to recommend, or shall have withdrawn, modified or amended in a manner adverse to Yuma in any material respect its previous board recommendation, or shall have resolved to do any of the foregoing, or shall have recommended another acquisition proposal defined below or if the board of directors of Pyramid shall have resolved to accept a superior offer;

·by Pyramid, if, notwithstanding the existence of the voting agreement with Michael D. Herman, Chairman, and Interim President and Chief Executive Officer of Pyramid, prior to receipt of the Pyramid stockholders' approval, Pyramid receives a superior offer, resolves to accept such superior offer, complies with the termination fee payment obligations and gives Yuma at least four business days' prior written notice of its intention to terminate;

by Pyramid, if the board of directors of Yuma shall have failed to recommend, or shall have withdrawn, modified or amended in a manner adverse to Pyramid in any material respect its previous Yuma board recommendation, or shall have resolved to do any of the foregoing, or shall have recommended another acquisition proposal or if the board of directors of Yuma shall have resolved to accept a superior offer;

·by Pyramid, if the stockholders of Yuma fail to approve the merger; or

by Yuma, if the stockholders of Pyramid fail to approve and adopt the merger agreement and the proposals related to the restated articles of incorporation of Pyramid at the Pyramid stockholders' meeting (including any adjournment or postponement thereof).

For purposes of these termination provisions, the term "acquisition proposal" means any offer or proposal, whether written or oral, from any person or group (as defined in Section 13(d)(3) of the Exchange Act) other than Pyramid or Yuma or any affiliates thereof (each, a "third party") to acquire beneficial ownership of (a) 15% or more of any class of the equity securities of such party or (b) 15% or more of the fair market value of the assets of such party. The term "superior offer" means an unsolicited bona fide written offer by a third party to enter into (a) a merger, consolidation, business combination or other similar transaction as a result of which either (A) the stockholders of a party to the merger agreement prior to such transaction in the aggregate cease to own at least 50% of the voting securities of the entity surviving or resulting from such transaction (B) in which a person or group acquires beneficial ownership of securities representing 50% or more of the voting power of the party's capital stock or (b) a sale, lease or other disposition of at least 50% of the assets of the party, taken as a whole, that: (A) was not obtained or made as a direct or indirect result of a breach of (or in violation of) the merger agreement; and (B) is on terms and conditions that the board of directors of Pyramid or Yuma, as applicable, determines, in its reasonable, good faith judgment, after obtaining and taking into account such matters that its board of directors deems relevant following consultation with its outside legal counsel and financial advisor is reasonably likely to be more favorable, from a financial point of view, to Pyramid's stockholders or Yuma's stockholders, as applicable, than the merger and the other transactions and is reasonably capable of consummation.



For more information regarding the rights of Pyramid and Yuma to terminate the merger agreement, see “The Merger Agreement—Termination of the Merger Agreement” beginning on page 68.

Except for the termination fee set forth in the merger agreement and as described below, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated therein shall be paid by the party incurring such costs or expenses.

Under the merger agreement, Yuma may be required to pay to Pyramid or Pyramid may be required to pay Yuma a termination fee of \$1.0 million if the merger agreement is terminated under certain circumstances. For more information regarding termination fees, see “The Merger Agreement—Termination of the Merger Agreement” beginning on page 68.

*Payment of Termination Fee by Yuma.* Yuma shall pay Pyramid a cash termination fee of \$1.0 million (the “Yuma Termination Fee”) in the event that (i) Yuma terminates the merger agreement because it accepts a superior offer; (ii) Pyramid terminates the merger agreement as a result of a breach of a covenant by Yuma or because Yuma changes or fails to make its recommendation of the merger; or (iii) Pyramid terminates the merger agreement because Yuma stockholders fail to approve the merger; provided that in this instance (A) after the date of the merger agreement and prior to the date Yuma solicits the approval of Yuma’s stockholders, an acquisition proposal has been publicly announced and not withdrawn or abandoned at the time of termination, and (B) within one year after such termination, Yuma enters into a definitive agreement with respect to or consummates such acquisition proposal.

*Payment of Termination Fee by Pyramid.* Pyramid shall pay Yuma a cash termination fee of \$1.0 million (the “Pyramid Termination Fee”) in the event that (i) Pyramid terminates the merger agreement because it accepts a superior offer; (ii) Yuma terminates the merger agreement as a result of a breach of a covenant by Pyramid; or (iii) Yuma terminates the merger agreement because Pyramid’s stockholders fail to approve the issuance of stock necessary to effect the merger; provided that in this instance (A) after the date of the merger agreement and prior to the Pyramid special meeting, an acquisition proposal has been publicly announced and not withdrawn or abandoned at the time of termination, and (B) within one year after such termination, Pyramid enters into a definitive agreement with respect to or consummates such acquisition proposal.

### **We May Amend the Terms of the Merger and Waive Rights Under the Merger Agreement**

Subject to compliance with applicable law, Pyramid and Yuma may amend the merger agreement at any time before or after approval and adoption of the merger agreement by Pyramid and Yuma stockholders. However, after such approval and adoption there may not be, without further approval of Pyramid and Yuma stockholders, any amendment of the merger agreement that alters or changes, in a way that adversely affects the holders of any shares of Pyramid or

Yuma capital stock or alters or changes the merger consideration to be received by the Yuma stockholders in the merger.

At any time prior to the effective time of the merger, Pyramid and Yuma may, to the extent legally allowed:

- extend the time for the performance of any of the obligations or other acts of the other parties under the merger agreement;

- waive any inaccuracies in the other parties' representations and warranties; and

- waive the other parties' compliance with any of its agreements or conditions contained in the merger agreement.

Any such waiver or extension is subject to certain conditions. See "The Merger Agreement—Amendment of the Merger Agreement."

### **Regulatory Filings and Approvals Required to Complete the Merger**

We are not aware of any material governmental or regulatory approvals required for the completion of the merger and compliance with the applicable corporate law of the States of California and Delaware.

## **The Special Meetings and Voting**

**(Pages 40 and 43)**

### **Pyramid Special Meeting of Stockholders**

The special meeting of the stockholders of Pyramid will be for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the merger agreement, as it may be amended from time to time.
2. To consider and vote upon the proposals related to the restated articles of incorporation of Pyramid.
3. To approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan.
4. To consider and vote on any proposal to authorize Pyramid's board of directors, in its discretion, to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above.

Pyramid does not expect to transact any other business at the special meeting. Pyramid's board of directors has fixed the close of business on August 11, 2014 as the record date for determining those Pyramid stockholders entitled to vote at the special meeting and any adjournment or postponement thereof. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting. A complete list of the Pyramid stockholders will be available for examination at the offices of Pyramid in Bakersfield, California during ordinary business hours for a period of 10 days prior to the special meeting.

The approval and adoption of the merger agreement and the approval of the proposals related to the Pyramid restated articles of incorporation each require the affirmative vote of the holders of at least a majority of the shares of Pyramid common stock issued and outstanding and entitled to vote at the Pyramid special meeting. The affirmative vote of the holders of at least a majority of the shares of Pyramid common stock represented in person or by proxy at the special meeting and voting on each such proposal, provided that such shares voting affirmatively must also constitute a majority of the required quorum for the meeting, is required to approve the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan and the proposal to adjourn the Pyramid special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above.

**The board of directors of Pyramid recommends that Pyramid stockholders vote “FOR” each of the proposals to be voted on at the special meeting.**

### **Yuma Special Meeting of Stockholders**

The special meeting of the stockholders of Yuma will be for the following purposes:

1. To consider and vote on the proposal to approve and adopt the merger agreement, as it may be amended from time to time, and the transactions contemplated by the merger agreement; and
2. To consider and vote on the proposal to adjourn the Yuma special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal regarding the merger.

Yuma’s board of directors has fixed the close of business on August 11, 2014 as the record date for determining the holders of shares of Yuma common stock and preferred stock entitled to receive notice of and to vote at the Yuma special meeting and any adjournments or postponements thereof. Each holder of shares of Yuma common stock and preferred stock outstanding on the record date will be entitled to one vote for each share held of record upon each matter properly submitted at the Yuma special meeting and at any adjournment or postponement thereof. In order for Yuma to satisfy its quorum requirements, the holders of at least a majority of the total number of outstanding shares of Yuma common stock and preferred stock entitled to vote at the meeting must be present.

The approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Yuma common stock issued and outstanding and entitled to vote at the Yuma special meeting. Approval of the merger agreement also requires the affirmative vote of the holders of two-thirds or 66 % of Yuma’s Series A and Series B preferred stock issued and outstanding and voting together separately as a class. The affirmative vote of a majority of the votes cast by holders of Yuma common stock at the Yuma special meeting is required to approve the proposal to adjourn the Yuma special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Yuma special meeting to approve and adopt the merger agreement.

## Voting Agreements

Yuma has entered into an amended and restated voting agreement with Michael D. Herman, Chairman, Interim President and Chief Executive Officer of Pyramid, who owns approximately 40.8% of the outstanding shares of Pyramid common stock as of the record date of the Pyramid special meeting of stockholders. The voting agreement provides, among other things, that Michael D. Herman will vote in favor of the proposal to approve and adopt the merger agreement and the proposals related to the Pyramid restated articles of incorporation. Mr. Herman also agreed not to sell, transfer or otherwise dispose of his shares of Pyramid common stock, subject to certain exceptions provided in the voting agreement.

Certain of Yuma's officers and directors (and certain of their affiliates) who own in the aggregate approximately 95.2% of the outstanding shares of Yuma common stock, approximately 2.8% of the outstanding shares of Yuma Series A preferred stock, and approximately 9.4% of the outstanding shares of Yuma Series B preferred stock as of the record date of the Yuma special meeting of stockholders entered into an amended and restated voting agreement with Pyramid, in which each stockholder agreed to vote in favor of the merger. Each stockholder also agreed not to sell, transfer or otherwise dispose of that stockholder's shares of Yuma common stock and preferred stock, subject to certain exceptions provided in the voting agreement.

For more information regarding these voting agreements, see "Voting Agreements" on page 71.

## Matters to be Considered in Deciding How to Vote

(Pages 40 and 43)

## Recommendation of the Pyramid Board of Directors and Its Reasons for the Merger

After careful consideration, the Pyramid board of directors approved the merger agreement on February 4, 2014. **The Pyramid board of directors recommends that Pyramid stockholders vote "FOR" the proposal to approve and adopt the merger agreement; "FOR" the proposals related to the restated articles of incorporation of Pyramid; "FOR" the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan; and "FOR" any proposal to authorize Pyramid's board of directors to adjourn the special meeting.** Because of their mutual dependence, if the proposal to approve and adopt the merger agreement or the proposals related to the restated articles of incorporation of Pyramid are not all approved, then none will be deemed to have been approved.

For the factors considered by Pyramid's board of directors in reaching its decision to approve these matters as well as the Pyramid board of directors' reasons for, and certain risks related to, the merger, see "The Merger—Recommendation of Pyramid's Board of Directors and Reasons for the Merger" beginning on page 51.

### **Recommendation of the Yuma Board of Directors and Its Reasons for the Merger**

After careful consideration, on February 4, 2014, the Yuma board of directors unanimously (i) determined that the merger is fair to and in the best interests of Yuma and its stockholders, (ii) declared the merger agreement and the transactions contemplated thereby advisable, and (iii) approved the merger, the merger agreement and the transactions contemplated thereby. **The Yuma board of directors unanimously recommends that Yuma stockholders vote "FOR" the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement and "FOR" any adjournment proposal.**

For the factors considered by the Yuma board of directors in reaching its decision to approve the merger agreement and approve the consummation of the transactions contemplated by the merger agreement, including the merger, as well as the Yuma board of directors' reasons for, and certain risks related to, the merger, see "The Merger—Recommendation of Yuma's Board of Directors and Reasons for the Merger" beginning on page 53.

### **Fairness Opinion of ROTH Capital Partners to the Pyramid Board of Directors**

ROTH rendered its opinion to Pyramid's board of directors that, as of the date of the opinion, based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the exchange ratio (meaning the number of shares of Pyramid common stock to be issued for each share of Yuma common stock and preferred stock in the merger) is fair to Pyramid and its stockholders, from a financial point of view.

The full text of the written opinion of ROTH, dated February 5, 2014, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this proxy statement/prospectus. ROTH provided its opinion for the information and assistance of Pyramid's board of directors in connection with its consideration of the merger. ROTH's opinion is not a recommendation as to how any holder of Pyramid's common stock should vote with respect to the issuance of Pyramid common stock in the merger or any other matter.

Pursuant to a letter agreement dated December 20, 2013, Pyramid engaged ROTH to act as its financial advisor in connection with the contemplated merger transaction. As compensation for its services in connection with the merger, Pyramid paid ROTH \$150,000 upon the delivery of its fairness opinion. Additional compensation equal to 1.5% of the merger consideration, in no event less than \$300,000 nor more than \$450,000, will be payable on completion of the merger. In addition, Pyramid has agreed to reimburse ROTH for its expenses, including attorneys' fees and disbursements, and to indemnify ROTH and related persons against various liabilities.

### **Material U.S. Federal Income Tax Consequences of the Merger**

Subject to the qualifications, limitations and assumptions described in "Material U.S. Federal Income Tax Consequences" beginning on page 72, the following five paragraphs are the opinion of TroyGould PC regarding the material U.S. federal income tax consequences of the merger:

the merger, that is, the merger of Merger Subsidiary with and into Yuma, will qualify as a reorganization within the meaning of Section 368(a) of the Code;

no gain or loss will be recognized by a U.S. holder of Yuma common stock and/or preferred stock on receipt of Pyramid common stock pursuant to the merger;

the aggregate tax basis of the Pyramid common stock received by each U.S. holder of Yuma common stock and/or preferred stock will equal the aggregate tax basis of the Yuma stock surrendered by such holder in exchange for Pyramid common stock;

the holding period of the Pyramid common stock received by each U.S. holder will include the period during which such holder held the Yuma common stock and/or preferred stock surrendered in exchange for Pyramid common stock; and

no gain or loss will be recognized by Pyramid, Yuma or the U.S. holders of Pyramid common stock by reason of the merger.

### **Interests of Pyramid and Yuma Directors and Executive Officers in the Merger**

In considering the recommendation of the boards of directors of Pyramid and Yuma with respect to the merger, stockholders should be aware that the executive officers and directors of Pyramid and Yuma have certain interests in the merger that may be different from, or in addition to, the interests of Pyramid and Yuma stockholders. Pyramid's

and Yuma's boards of directors were aware of these interests and considered them, among other matters, when adopting resolutions to approve and adopt the merger agreement and recommending that their respective stockholders vote to approve and adopt the merger agreement. For a discussion of the possibly conflicting interests, see "The Merger—Interests of Yuma's Directors and Executive Officers in the Merger" beginning on page 59 and "The Merger—Interests of Pyramid's Directors and Executive Officers in the Merger" beginning on page 59.

### Per Share Market Price and Dividend Information

The following table sets forth the closing prices per share of Pyramid common stock, as well as the implied value of the proposed merger consideration for each share of Yuma common stock (after conversion of Yuma preferred stock to Yuma common stock), on February 5, 2014, the last full trading day prior to the public announcement of the merger, and August 8, 2014 the last full trading day that this information could practicably be calculated prior to the date of this proxy statement/prospectus, which was calculated by assuming that (A) 57,493 shares of Yuma common stock are issued and outstanding, (B) all issued and outstanding shares of Yuma Series A preferred stock convert into 19,954 shares of Yuma common stock, (C) all issued and outstanding shares of Yuma Series B preferred stock convert into 10,261 shares of Yuma common stock, and (D) no shares of Yuma common stock or preferred stock dissent, (E) Yuma does not issue any restricted stock awards to its employees between the date of this proxy statement/prospectus and the effective time of the merger, and (F) Pyramid issues 66,336,701 shares of its common stock in the merger.

	Pyramid Common Stock	Implied Value Per Share of Yuma Common Stock
February 5, 2014	\$ 5.44	\$ 4,114.47
August 8, 2014	\$ 5.08	\$ 3,842.19

Because the aggregate merger consideration is fixed and will not be adjusted as a result of changes in the market price of Pyramid common stock, the merger consideration equivalent will fluctuate with the market price of Pyramid common stock. The merger agreement does not include a price-based termination right or provisions that would limit the impact of increases or decreases in the market price of Pyramid common stock. You should obtain current market quotations for the Pyramid shares from a newspaper, the Internet or your broker prior to voting on the merger agreement.



Neither Pyramid nor Yuma paid dividends on its common stock during the past three years and neither company has any current intention of doing so in the foreseeable future.

### **Appraisal Rights**

Holders of Yuma common stock and preferred stock have the right to dissent from the proposed merger and, subject to certain conditions provided for in Section 262 of the DGCL, are entitled to receive payment of the fair value of their Yuma common stock or preferred stock. Yuma stockholders will be bound by the terms of the merger unless they dissent by complying with all of the requirements of the Delaware dissenters' rights statute. See "Dissenters' Rights of Appraisal" beginning on page 75 for a summary of dissenters' rights available to Yuma stockholders, which summary is not intended to be a complete statement of applicable Delaware law and is qualified in its entirety by reference to Section 262 of the DGCL which is set forth in its entirety as Annex E to this proxy statement/prospectus.

Pyramid stockholders do not have dissenter's or appraisal rights in connection with the merger.

### **Comparison of the Rights of Stockholders of Yuma Energy, Inc. and Pyramid Oil Company**

Holders of Yuma common stock and preferred stock hold stock in a Delaware corporation and will have different rights as stockholders of Pyramid, a California corporation, due to the different laws governing these companies. The differences are described in more detail under "Significant Differences Between the Corporation Laws of California and Delaware" beginning on page 147.

**Selected Consolidated Historical Financial Data of Pyramid**

Set forth below are selected data derived from Pyramid's audited financial statements as of and for the years ended December 31, 2009 through 2013 and Pyramid's unaudited financial statements as of and for the three months ended March 31, 2014 and 2013. This information should be read together with Pyramid's financial statements and related notes and management's discussion and analysis of operations and financial condition of Pyramid contained in this proxy statement/prospectus under the captions "Historical Financial Statements of Pyramid" and "Management's Discussion and Analysis of Operations and Financial Condition of Pyramid," respectively.

	Three Months Ended March 31,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(unaudited)						
	(In thousands, except per share data)						
<b>Statement of Operations Data</b>							
Total Revenue	\$1,044	\$1,008	\$5,201	\$4,995	\$5,690	\$4,836	\$3,312
Income (Loss) from Operations	(224 )	164	(77 )	975	1,161	53	(537 )
Net Income (Loss)	(159 )	113	157	778	1,095	246	(189 )
Net Income (Loss) per Share							
Basic and Diluted	\$(0.03 )	\$0.02	\$0.03	\$0.17	\$0.23	\$0.05	\$(0.04 )
Weighted Average Number of Basic Shares Outstanding	4,688	4,688	4,688	4,686	4,684	4,678	4,678
<b>Balance Sheet Data</b>							
Cash and Cash Equivalents	\$4,556	\$3,828	\$4,404	\$3,834	\$2,763	\$1,536	\$1,439
Short-term Investments	2,142	2,137	2,141	2,136	2,128	3,059	3,344
Total Assets	13,206	12,789	14,180	12,761	11,882	10,630	10,142
Notes Payable	-	-	-	-	55	40	21
Stockholders' Equity	10,821	10,771	10,980	10,658	9,881	8,742	8,373
Total Liabilities and Stockholders' Equity	13,206	12,789	14,180	12,761	11,882	10,630	10,142
<b>Per Share Data</b>							
Net Book Value per							
Common Share	\$2.31	\$2.30	\$2.34	\$2.27	\$2.11	\$1.87	\$1.79
Common Shares Outstanding	4,688	4,688	4,688	4,688	4,684	4,678	4,678

**Selected Consolidated Historical Financial Data of Yuma**

Set forth below are selected data derived from Yuma's audited consolidated financial statements as of and for the years ended December 31, 2010 through 2013, Yuma's unaudited consolidated financial statements as of and for the year ended December 31, 2009, and Yuma's unaudited consolidated financial statements as of and for the three months ended March 31, 2014 and 2013. This information should be read together with Yuma's consolidated financial statements and related notes and management's discussion and analysis of operations and financial condition of Yuma contained in this proxy statement/prospectus under "Historical Consolidated Financial Statements of Yuma" and "Management's Discussion and Analysis of Operations and Financial Condition of Yuma," respectively.

	Three Months Ended March 31,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(unaudited)						
	(In thousands, except outstanding shares and per share data)						
<b>Revenues and other operating income:</b>							
Sales of natural gas and crude	\$10,355	\$4,870	\$28,076	\$21,282	\$18,954	\$16,847	\$27,169
Other revenue	241	127	1,067	602	477	528	1,344
Total revenues	10,597	4,997	29,143	21,884	19,431	17,375	28,513
<b>Expenses:</b>							
Marketing cost of sales	321	2336	1,234	891	4,153	5,904	11,541
Lease operating	3,659	1,348	9,316	5,099	4,792	6,039	6,508
Re-engineering and workovers	2	51	2,522	434	1,340	-	-
General and administrative – stock based compensation	48	-	452	-	-	-	-
General and administrative – other	3,150	1,252	5,605	4,340	3,485	4,030	4,157
Depreciation, depletion and amortization	5,726	1,662	12,077	5,074	2,866	3,740	7,605
Asset retirement obligation accretion expense	142	64	668	265	240	203	305
(Gain) loss on asset disposal	-	-	(19 )	10	138	4	2
Ceiling test write-down	-	-	-	-	-	-	5,639
Bad debt expense	27	1	194	210	238	158	152
Recovery of bad debts	-	-	(3 )	(69 )	-	-	-
Total expenses	13,075	4,612	32,046	16,254	17,252	20,078	35,909
<b>Other income (expense):</b>							
Change in fair value of preferred stock derivative liability - Series A in 2011-2013, Series B in 2013 and 2012	1,472	2,004	(26,259)	(17,099)	(5,604 )	-	-
Interest expense	(139 )	(165 )	(568 )	(210 )	(597 )	(860 )	(747 )
Interest income	1	2	7	8	14	53	18
	-	-	(175 )	-	-	-	-

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Bank mandated derivative instruments

novation cost

Other, net	-	(2 )	(72 )	-	166	638	181
Total other income (expense)	1,334	1,838	(27,067)	(17,301)	(6,021 )	(169 )	(548 )

Net loss from continuing operations before taxes	(1,144 )	2,223	(29,970)	(11,671)	(3,841 )	(2,873 )	(7,944 )
Income tax expense (benefit)	(849 )	115	3,080	3,098	854	(797 )	(1,896 )
Net loss from continuing operations	(295 )	2,108	(33,050)	(14,769)	(4,695 )	(2,076 )	(6,048 )
Discontinued operations – pipeline segment	-	-	-	-	(18 )	3,973	4,013
Net income (loss)	(295 )	2,108	(33,050)	(14,769)	(4,715 )	1,897	(2,036 )
Less net income attributable to non-controlling interest	-	-	-	-	2	6	6
Net loss attributable to Yuma Energy, Inc.	(577 )	1,836	(33,050)	(14,769)	(4,713 )	1,891	(2,042 )

Preferred stock, Series A and Series B

Accretion	282	272	1,102	964	-	-	-
Dividends paid in cash	-	-	146	1,363	438	-	-
Dividends paid in kind	-	-	5,412	-	-	-	-
Net loss available to common stockholders	\$(577 )	\$1,836	\$(39,710)	\$(17,096)	\$(5,153 )	\$1,891	\$(2,042 )

As of and for the

Three Months

Ended March 31,

2014

2013

(unaudited)

(In thousands, except outstanding shares and per share data)

As of and for the Year Ended December 31,

2013

2012

2011

2010

2009

(unaudited)

Earnings (loss) per common share:

Basic \$(10.64 ) \$34.00 \$(732 ) \$(317 ) \$(95 ) \$1,657 \$ (1,790 )

Diluted \$(10.64 ) \$26.67 \$(732 ) \$(317 ) \$(95 ) \$1,657 \$ (1,790 )

Weighted average shares outstanding:

Basic 54,000 54,000 54,236 54,000 54,000 1,141 1,141

Diluted 54,000 79,036 54,236 54,000 54,000 1,141 1,141

Statement of Cash Flow Data

Cash provided by (used in)

Operating activities \$4,930 \$5,676 \$13,008 \$4,897 \$2,735 \$7,845 \$ 5,054

Investing activities (1,906 ) (5,160 ) (25,346 ) (30,410) (10,677) 4,587 (6,473 )

Financing activities (853 ) 725 11,247 29,877 (43 ) (9,384 ) 7,051

Balance Sheet Data

Total assets \$111,760 \$91,406 \$111,632 \$87,015 \$57,118 \$56,954 \$ 66,206

Long-term debt 30,565 19,050 31,215 17,875 2,975 11,000 17,650

Stockholders' equity (48,501 ) (6,651 ) (47,888 ) (8,434 ) 8,566 14,575 16,444



### **Selected Unaudited Pro Forma Condensed Combined Financial Information**

The merger will be accounted for under the Financial Accounting Standards Board's Accounting Standards Codification Topic 805 which governs transactions that are considered to be reverse acquisitions for accounting purposes. In the merger, Pyramid is the acquiror for legal purposes, but for accounting purposes, Yuma will be deemed to be the acquiror and Pyramid the acquiree.

The following table shows information about Yuma's financial condition and results of operations, including per share data, on a pro forma basis after giving effect to the merger of Pyramid and Yuma. We refer to this information in this proxy statement/prospectus as pro forma financial information. The table sets forth information relating to the merger as if it had become effective on March 31, 2014 with respect to balance sheet data (using currently available fair value information for Pyramid) and January 1, 2013, with respect to statement of operations data for the three months ended March 31, 2014 and for the year ended December 31, 2013. This unaudited pro forma financial information assumes that the merger will be accounted for using the purchase method of accounting and represents a current estimate based on available information of pro forma results of operations. The unaudited pro forma balance sheet data includes adjustments to record the assets and liabilities of Pyramid at their estimated fair values as of the date the merger is effective, and is subject to further adjustment as additional information becomes available and as additional analyses are performed. As part of the merger, Yuma's outstanding preferred stock will be converted to common stock of the combined company and Yuma's derivative liability will be reclassified to equity of the combined company; and these adjustments have been made to reflect the conversion of Yuma's preferred stock to common stock.

The merger agreement provides that Pyramid issue approximately 66,336,701 shares of common stock as consideration to Yuma stockholders.

This table should be read together with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of Pyramid and Yuma appearing elsewhere in this proxy statement/prospectus and the more detailed unaudited pro forma condensed combined financial information, including the notes thereto, appearing under "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 128.

The unaudited pro forma financial information, while helpful in illustrating the financial characteristics of the combined company using certain assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies and asset dispositions, among other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combination would have been had they occurred as of the beginning of such periods.

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As of and  
for the  
Three Months Ended  
March 31,  
2014  
As of and for the  
Year Ended  
December 31, 2013  
(In thousands, except per share  
data)

Pro Forma Statement of Operations Data

Operating revenues	\$ 11,641	\$ 33,534
Net income (loss) available to common stockholders	\$ (2,122 )	\$ (6,992 )
Net income (loss) per common share:		
Basic	\$ (0.03 )	\$ (0.10 )
Diluted	\$ (0.03 )	\$ (0.10 )

Pro Forma Balance Sheet Data

Total assets	\$ 146,075
Long-term debt	\$ 30,565
Stockholders' equity	\$ 63,346

**Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve and Production Data**

The following table sets forth information with respect to the historical and pro forma combined estimated oil, natural gas and natural gas liquids, or NGLs, reserves as of December 31, 2013 of Yuma and Pyramid. This pro forma information gives effect to the merger as if it occurred on December 31, 2013. The Yuma and Pyramid reserve data presented below was derived from independent engineering reports of each company. Netherland, Sewell & Associates, Inc. (“NSAI”) prepared the Yuma reserve estimates as of December 31, 2013, and MHA Petroleum Consultants, Inc. (“MHA”) prepared the Pyramid reserve estimates as of December 31, 2013. Future exploration, exploitation and development expenditures, as well as future commodity prices and service costs, will affect the reserve volumes attributable to the acquired properties. The reserve estimates shown below were determined using a 12-month average price for oil, natural gas and natural gas liquids for the year ended December 31, 2013.

	Estimated Quantities of Reserves as of December 31, 2013		
	Yuma Historical	Pyramid Historical	Merger Pro Forma Combined
Estimated Proved Reserves:			
Oil (MBbls)	11,615	450	12,065
NGL (MBbls)	2,767	-	2,767
Natural Gas (MMcf)	38,372	14	38,386
Total (Mboe) <sup>(1)</sup>	20,777	452	21,229
Estimated Proved Developed Reserves:			
Oil (MBbls)	1,607	450	2,057
NGL (MBbls)	493	-	493
Natural Gas (MMcf)	10,317	14	10,331
Total (Mboe) <sup>(1)</sup>	3,819	452	4,261
Estimated Proved Undeveloped Reserves:			
Oil (MBbls)	10,008	-	10,008
NGL (MBbls)	2,275	-	2,275
Natural Gas (MMcf)	28,056	-	28,056
Total (Mboe) <sup>(1)</sup>	16,958	-	16,958

(1) Assumes a ratio of 6 Mcf of natural gas per barrel of oil.

The following table sets forth summary historical and pro forma combined oil, natural gas and natural gas liquids production information for the three months ended March 31, 2014 and for the year ended December 31, 2013. This pro forma information gives effect to the merger as if it occurred on January 1, 2014 and January 1, 2013 for the three and twelve month periods, respectively. The historical Pyramid and Yuma oil, natural gas and natural gas liquids production data presented below is derived from the independent engineering reports of each company.

Three Months Ended March 31, 2014      Year Ended December 31, 2013



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	Yuma Historical	Pyramid Historical	Merger Pro Forma Combined	Yuma Historical	Pyramid Historical	Merger Pro Forma Combined
Oil (Bbls)	62,887	10,348	73,235	184,349	43,000	227,349
NGL (Bbls)	31,326	-	31,326	51,875	-	51,875
Natural Gas (Mcf)	855,889	-	855,889	1,580,468	6,000	1,586,468
Total (Boe) <sup>(1)</sup>	236,861	10,348	247,209	499,635	44,000	543,635

(1) Assumes a ratio of 6 Mcf of natural gas per barrel of oil.

## Comparative Per Share Information

The following table sets forth certain historical net income (loss) per share of Yuma and Pyramid and per share book value information on an unaudited pro forma combined basis after giving effect to the merger under the reverse acquisition purchase method of accounting and on a pro forma basis.

The unaudited pro forma condensed combined per share information does not purport to represent what the results of operations or financial position of Yuma would actually have been had the merger occurred at the beginning of the periods shown or to project Yuma's results of operations or financial position for any future period or date. Such pro forma information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and accompanying notes included in this proxy statement/prospectus as described under "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 128.

The historical per share information is derived from, and should be read in conjunction with, the financial statements for Pyramid, and the financial statements for Yuma, both included elsewhere herein. Neither Yuma nor Pyramid declared any cash dividends related to their respective common stock during the periods presented.

	As of and for the Three Months Ended March 31, 2014	As of and for the Year Ended December 31, 2013
Yuma Historical Per Common Share Data:		
Basic	\$ (10.64	) \$ (732 )
Diluted	\$ (10.64	) \$ (732 )
Book value <sup>(a)</sup>	\$ (894	) \$ (883 )
Pyramid Historical Per Common Share Data:		
Basic	\$ (0.03	) \$ 0.03
Diluted	\$ (0.03	) \$ 0.03
Book value <sup>(a)</sup>	\$ 2.31	\$ 2.34
Merger Pro Forma Combined Per Common Share Data:		
Basic <sup>(b)</sup>	\$ (0.03	) \$ (0.10 )
Diluted <sup>(b)</sup>	\$ (0.03	) \$ (0.10 )
Book value <sup>(c)</sup>	\$ 0.90	\$ 0.92

Computed by dividing stockholders' equity by the weighted average number of shares of common stock at the end (a) of such period plus the dilutive effect of interests in securities (such as outstanding options and Yuma's preferred stock on an as converted basis).

(b) Based on the pro forma net income which gives effect to the merger under the reverse acquisition method of accounting.

(c)

Computed by dividing stockholders' equity by the number of weighted average outstanding shares of Pyramid common stock at the end of such period, adjusted to include the estimated number of shares of Pyramid common stock to be issued in the merger plus the dilutive effect of interests in securities (such as outstanding options) at the end of such period.

### Comparative Per Share Market Price and Dividend Information

Pyramid common stock is listed for trading on the NYSE MKT under the symbol “PDO.” The following table sets forth, for the periods indicated, the high and low sale prices per share of Pyramid common stock on the NYSE MKT. There is no trading market in Yuma’s common stock or preferred stock.

For current price information, you should consult publicly available sources. Yuma has neither declared nor paid any cash dividends on its common stock in the past three years. Pyramid has neither declared nor paid any cash dividends on its common stock during the past three years, and does not anticipate declaring any dividends on its common stock in the foreseeable future.

### Pyramid Common Stock

Quarter Ended	High	Low
<b><u>2012</u></b>		
March 31	\$6.23	\$3.82
June 30	5.20	4.05
September 30	4.85	4.07
December 31	4.56	3.75
2013		
March 31	\$4.48	\$4.04
June 30	4.33	3.90
September 30	4.74	4.15
December 31	5.77	4.61
2014		
March 31		\$7.15 \$4.86
June 30		\$6.30 \$5.03
September 30 (through August 8, 2014)		\$5.92 \$5.07

The following table sets forth the closing prices per share of Pyramid common stock, as well as the implied value of the proposed merger consideration for each share of Yuma common stock (after conversion of Yuma preferred stock to Yuma common stock), on February 5, 2014, the last full trading day prior to the public announcement of the merger, and August 8, 2014 the last full trading day that this information could practicably be calculated prior to the

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date of this proxy statement/prospectus, which was calculated by assuming that (A) 57,493 shares of Yuma common stock are issued and outstanding, (B) all issued and outstanding shares of Yuma Series A preferred stock convert into 19,954 shares of Yuma common stock, (C) all issued and outstanding shares of Yuma Series B preferred stock convert into 10,261 shares of Yuma common stock, and (D) no shares of Yuma common stock or preferred stock dissent, (E) Yuma does not issue any restricted stock awards to its employees between the date of this proxy statement/prospectus and the effective time of the merger, and (F) Pyramid issues 66,336,701 shares of its common stock in the merger.

	Pyramid Common Stock	Implied Value Per Share of Yuma Common Stock
February 5, 2014	\$ 5.44	\$ 4,114.47
August 8, 2014	\$ 5.08	\$ 3,842.19

## **RISK FACTORS**

*In addition to the other information contained in this proxy statement/prospectus, including the matters addressed in “Cautionary Statement Concerning Forward-Looking Statements,” you should carefully consider the following risk factors before deciding how to vote. You should also read and consider the risk factors associated with each of the businesses of Pyramid and Yuma because these risk factors may affect the operations and financial results of the combined company.*

### **Risks Relating to the Merger**

*Because all of the merger consideration to be received by Yuma stockholders is a fixed amount of Pyramid common stock and the market price of shares of Pyramid common stock will fluctuate, Yuma stockholders cannot be sure of the aggregate value of the merger consideration they will receive.*

Upon the effective time of the merger, each share of Yuma common stock and preferred stock will be converted into the right to receive merger consideration consisting of a pro rata share of an aggregate of 66,336,701 shares of Pyramid common stock pursuant to the terms of the merger agreement. Because the aggregate number of shares of Pyramid common stock is fixed and will not be adjusted as a result of changes in the market price of Pyramid common stock, the value of the merger consideration Yuma stockholders will receive will fluctuate with the market price of Pyramid common stock. The merger agreement does not include a price-based termination right or provisions that would limit the impact of increases or decreases in the market price of Pyramid common stock or adjust the portion of the merger consideration to be paid in Pyramid common stock as a result of any change in the market price of shares of Pyramid common stock between the date of this proxy statement/prospectus and the date that Yuma stockholders receive shares of Pyramid common stock in exchange for their shares of Yuma common stock or preferred stock. The market price of Pyramid common stock will likely be different, and may be lower, on the date Yuma stockholders receive their shares of Pyramid common stock than the market price of shares of Pyramid common stock as of the date of this proxy statement/prospectus.

During the 12-month period ended on June 30, 2014, shares of Pyramid common stock traded in a range from a low of \$4.03 to a high of \$7.15 and ended that period at \$5.78 per share. See “Price Range of Common Stock and Dividends” beginning on page 134 for more detailed share price information. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in oil and natural gas prices, changes in Pyramid’s business, operations and prospects, and regulatory considerations. Many of these factors are beyond Pyramid’s control. If the market price of Pyramid common stock declines after Yuma stockholders vote, they may receive less value than they expected when they voted. Neither Pyramid nor Yuma is permitted to terminate the merger agreement, adjust the merger consideration or resolicit the vote of Yuma stockholders because of changes in the market price of Pyramid common stock.

***The merger agreement limits Pyramid's ability to pursue alternatives to the merger.***

The merger agreement contains provisions that could adversely impact competing proposals to acquire Pyramid. These provisions include the prohibition on Pyramid generally from soliciting any acquisition proposal or offer for a competing transaction and the requirement that Pyramid pay a termination fee of approximately \$1.0 million in cash if the merger agreement is terminated in specified circumstances in connection with an alternative transaction. In addition, even if the board of directors of Pyramid determines that a competing proposal to acquire Pyramid is superior, Pyramid may not exercise its right to terminate the merger agreement unless it notifies Yuma of its intention to do so and gives Yuma at least four business days to propose revisions to the terms of the merger agreement or to make another proposal in response to the competing proposal. See “The Merger Agreement—No Solicitation” beginning on page 67.

Yuma required Pyramid to agree to these provisions as a condition to Yuma's willingness to enter into the merger agreement. These provisions, however, might discourage a third party that might have an interest in acquiring all or a significant part of Pyramid from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher value than the current proposed merger consideration. Furthermore, the termination fee may result in a potential competing acquiror proposing to pay a lower per share price to acquire Pyramid than it might otherwise have proposed to pay.

***The opinion obtained by the board of directors of Pyramid from its financial advisor will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.***

The Pyramid board of directors has not requested an updated opinion as of the date of this proxy statement/prospectus from ROTH, Pyramid's financial advisor, nor has it obtained such an update since the board is not aware of any material changes to Pyramid, Yuma or their respective businesses, results of operations or financial positions. This opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to the financial advisor as of, the date of such opinion. Developments subsequent to the date of such opinion, including changes in the operations and prospects of Yuma or Pyramid, general market and economic conditions and other factors that may be beyond the control of Yuma and Pyramid, may affect such opinion. The opinion is included as Annex D to this proxy statement/prospectus. For a description of the opinion that the Pyramid board of directors received from its financial advisor and a summary of the material financial analyses ROTH provided to the Pyramid board of directors in connection with rendering such opinion, please refer to the section entitled “The Merger—Opinion of ROTH Capital Partners to the Pyramid Board of Directors” beginning on page 55.

***Pyramid stockholders will have a significantly reduced ownership and voting interest after the merger and will exercise less influence over management.***

Immediately after the completion of the merger, it is expected that former Pyramid stockholders, who collectively own 100% of Pyramid, will own approximately 7% of Pyramid, based on the number of shares of Pyramid common stock outstanding as of August 11, 2014.

***The merger and related transactions are subject to approval by the stockholders of both Pyramid and Yuma.***

In order for the merger to be completed, both Pyramid's stockholders and Yuma's stockholders must approve and adopt the merger agreement, which requires the affirmative vote of the holders of at least a majority of the issued and outstanding shares of Pyramid common stock and Yuma common stock, and at least two-thirds or 66 % of Yuma's outstanding Series A and Series B preferred stock voting together as a separate class.

***Any delay in completing the merger may substantially reduce the benefits expected to be obtained from the merger.***

The closing of the merger is conditioned on obtaining various approvals by Yuma's and Pyramid's respective stockholders and a number of other conditions beyond the control of Yuma and Pyramid. These conditions may prevent or delay the merger from being completed. Yuma and Pyramid cannot predict whether or when the conditions required to complete the merger will be satisfied. Any delay in completing the merger may materially adversely affect the ability of the combined company to attain the benefits that Yuma and Pyramid expect to achieve from the merger. If the merger is not completed on or before December 31, 2014, either Yuma or Pyramid may terminate the merger agreement, unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligations under the merger agreement or a material breach of the merger agreement by such party. See "The Merger Agreement —Conditions to the Completion of the Merger" beginning on page 62.

***Merger-related charges will be incurred.***

Yuma and Pyramid estimate that, as a result of the merger, the combined company expects to incur merger-related cash expenses of approximately \$1.5 million, consisting of investment banking, legal and accounting fees and financial printing and other related charges. The foregoing amount is a preliminary estimate and the actual amount may be higher or lower. Moreover, the combined company is likely to incur additional expenses in future periods in connection with the integration of Yuma's and Pyramid's businesses.



***Failure to complete the merger could negatively impact the stock price and the future business and financial results of Pyramid.***

If the merger is not completed, the ongoing business of Pyramid may be adversely affected and Pyramid would be subject to a number of risks, including the following:

Pyramid will not realize the benefits expected from the merger, including a potentially enhanced competitive and financial position, and instead will be subject to all the risks it currently faces as an independent company;

· Pyramid may experience negative reactions from the financial markets and Pyramid's customers and employees;

under the merger agreement, Pyramid may be required to pay to Yuma a termination fee of approximately \$1.0 million if the merger agreement is terminated under certain circumstances. If such termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of Pyramid. See "The Merger Agreement — Termination of the Merger Agreement" beginning on page 68;

the merger agreement places certain restrictions on the conduct of Pyramid's business prior to the completion of the merger or the termination of the merger agreement. Such restrictions, the waiver of which is subject to the consent of Yuma, may prevent Pyramid from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the merger. See "The Merger Agreement — Conduct of Business Pending the Merger" for a description of the restrictive covenants applicable to Pyramid beginning on page 65; and

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by Pyramid management, which would otherwise have been devoted to other opportunities that may have been beneficial to Pyramid as an independent company.

### **Risks Relating to Pyramid's Business**

***Pyramid's future performance is dependent upon its ability to continue to identify, acquire and develop additional oil and gas properties, the failure of which could result in under use of capital and losses.***

Pyramid's future performance depends upon its ability to continue to identify, acquire and develop additional oil and gas reserves that are economically recoverable. Pyramid's success will depend upon Pyramid's ability to continue to acquire working and revenue interests in properties upon which oil and gas reserves are ultimately discovered in commercial quantities, and Pyramid's ability to develop additional prospects that contain proven oil and gas reserves to the point of production. The successful acquisition and development of oil and gas properties requires an assessment of recoverable reserves, future oil and gas prices and operating costs, potential environmental and other liabilities, and other factors. Such assessments are necessarily inexact and their accuracy inherently uncertain.

***The oil and gas industry is highly competitive, and Pyramid may not have sufficient resources to compete effectively.***

The oil and gas industry is highly competitive. Pyramid competes with oil and natural gas companies and other individual producers and operators, many of which have substantially greater financial and other resources than it has. Pyramid's larger competitors, by reason of their size and relative financial strength, can more easily access capital markets than Pyramid can and may enjoy a competitive advantage in the recruitment of qualified personnel. Competitors may be able to absorb the burden of any changes in laws and regulations in the jurisdictions in which Pyramid does business and handle longer periods of reduced prices for oil and gas more easily than it can. Pyramid's competitors may be able to pay more for oil and gas leases and properties and may be able to define, evaluate, bid for and purchase a greater number of leases and properties than it can. Further, these companies may enjoy technological advantages and may be able to implement new technologies more rapidly than Pyramid can. Pyramid's ability to acquire additional properties in the future will depend upon its ability to conduct efficient operations, evaluate and select suitable properties, implement advanced technologies and consummate transactions in a highly competitive environment.

***Pyramid's exploration, development and production activities are subject to certain environmental regulations which may affect its costs of operations.***

In general, Pyramid's exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Specifically, Pyramid is subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. However, such laws and regulations are frequently changed and any such changes may have material adverse effects on Pyramid's activities. Pyramid is unable to predict the ultimate cost of compliance with such laws and regulations. To date Pyramid has not been required to spend any material amounts on compliance with environmental regulations. However, Pyramid may be required to do so in future and this may affect its ability to expand or maintain its operations.

***Any change to government regulation or administrative practices may have a negative impact on Pyramid's ability to operate and its profitability.***

The business of oil and gas exploration and development is subject to substantial regulation under federal, state, local and foreign laws relating to the exploration for, and the development, upgrading, marketing, pricing, taxation, and transportation of oil and gas and related products and other matters. Amendments to current laws and regulations governing operations and activities of oil and gas exploration and development operations could have a material adverse impact on Pyramid's business. Permits, leases, licenses, and approvals are required from a variety of regulatory authorities at various stages of exploration and development.

***Pyramid may be unable to replace, maintain or expand its oil and gas reserves in order to prevent its future reserves and production from declining, which would adversely affect future cash flows and income.***

In general, production from oil and gas properties declines over time as reserves are depleted, with the rate of decline depending on reservoir characteristics. Pyramid's future oil and gas production is highly dependent upon its ability to economically find, develop, acquire and maintain reserves in commercial quantities.

To the extent cash flow from operations is reduced, either by a decrease in prevailing prices for oil and gas or an increase in finding and development costs, and external sources of capital become limited or unavailable, Pyramid's ability to make the necessary capital investment to maintain or expand its asset base of oil and gas reserves would be impaired. Even with sufficient available capital, Pyramid's future exploration and development activities may not result in additional proved reserves, and it might not be able to drill productive wells at acceptable costs.

*The oil and gas exploration and production industry is historically a cyclical industry and market fluctuations in the prices of oil and gas could adversely affect Pyramid's business.*

Prices for oil and gas tend to fluctuate significantly in response to factors beyond Pyramid's control. These factors include:

- weather conditions in the United States and where Pyramid's property interests are located;
- economic conditions, including demand for petroleum based products, in the United States and the rest of the world;
- actions by OPEC, the Organization of Petroleum Exporting Countries;
- political instability in the Middle East, North Africa and other major oil and gas producing regions;
- governmental regulations;
- domestic tax policy;
- the price of foreign imports of oil and gas;
- the cost of exploring for, producing and delivering oil and gas;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing and new oil and gas reserves;
- available pipeline and other oil and gas transportation capacity;
- the ability of oil and gas companies to raise capital;
- the overall supply and demand for oil and gas; and

the availability of alternate fuel sources.

Changes in commodity prices may significantly affect Pyramid's capital resources, liquidity and expected operating results. Price changes will directly affect revenues and can indirectly impact expected production by changing the amount of funds available to reinvest in exploration and development activities. Reductions in oil and gas prices not only reduce revenues and profits, but could also reduce the quantities of reserves that are commercially recoverable. Significant declines in prices could result in non cash charges to earnings due to impairment.

Changes in commodity prices may also significantly affect Pyramid's ability to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on the value of the properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and the development and exploitation of projects. Pyramid expects that commodity prices will continue to fluctuate significantly in the future.

***Exploratory and developmental drilling and production operations involve many risks that are outside Pyramid's control and which may result in a material adverse effect on its business, financial condition or results of operations.***

The business of exploring for, developing and producing oil and gas involves a substantial risk of investment loss. Drilling and operating oil and gas wells involves the risk that the wells may be unproductive or that, although productive, the wells may not produce oil or gas in economic quantities. Other hazards, such as unusual or unexpected geological formations, pressures, fires, blowouts, power outages, gas leakage, loss of circulation of drilling fluids or other conditions may substantially delay or prevent completion of any well. Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic if water or other deleterious substances are encountered that impair or prevent the production of oil or gas from the well. In addition, production from any well may be unmarketable if it is impregnated with water or other deleterious substances.

*At times Pyramid participates in joint ventures wherein it is dependent upon the efforts of various third parties that Pyramid does not control and, as a result, it may not be able to control the timing of development efforts, associated costs, or the rate of production of reserves (if any).*

The success of Pyramid's business interests in certain joint ventures, where it owns less than a majority interest depends upon the efforts of various third parties that Pyramid does not control. As a result, Pyramid may have limited ability to exercise influence over certain joint venture decisions, operations or costs in certain joint venture activities. Pyramid's dependence on the operator and, where applicable, other working interest owners for these projects and Pyramid's limited ability to influence operations and associated costs could prevent Pyramid from realizing targeted returns on capital in drilling or acquisition activities. The success and timing of development and exploitation activities on joint venture properties operated by others depend upon a number of factors that will be largely outside of Pyramid's control, including:

- the timing and amount of capital expenditures;
- the operator's expertise and financial resources;
- approval of other participants in drilling wells;
- selection of technology;
- the rate of production of the reserves; and

the availability of suitable drilling rigs, drilling equipment, production and transportation infrastructure, and qualified operating personnel.

Pyramid also relies upon various consultants and service companies to provide it with technical assistance and services. Pyramid relies upon the services of geologists, geophysicists, chemists, engineers and other scientists to explore and analyze oil and gas prospects to determine a method in which its oil and gas prospects may be developed in a cost effective manner.

### **Risks Relating to Yuma's Business**

You should read and consider the following risk factors specific to Yuma's business that will also affect the combined company after the merger.

***Oil and natural gas prices are volatile, and low prices could have a material adverse impact on Yuma's business.***

Yuma's revenues, profitability and future growth and the carrying value of its properties depend substantially on prevailing oil and natural gas prices. Prices also affect the amount of cash flow available for capital expenditures and Yuma's ability to borrow and raise additional capital. The amount Yuma will be able to borrow under its credit agreement will be subject to periodic redetermination based in part on current oil and natural gas prices and on changing expectations of future prices. Lower prices may also reduce the amount of oil and natural gas that Yuma can economically produce and have an adverse effect on the value of its properties.

Historically, the markets for oil and natural gas have been volatile, and they are likely to continue to be volatile in the future. Among the factors that can cause volatility are:

- the domestic and foreign supply of oil and natural gas;

- the ability of members of the Organization of Petroleum Exporting Countries and other producing countries to agree upon and maintain oil prices and production levels;

- social unrest and political instability, particularly in major oil and natural gas producing regions outside the United States, such as northern Africa and the Middle East, and armed conflict or terrorist attacks, whether or not in oil or natural gas producing regions;

- the level of consumer product demand;

- the growth of consumer product demand in emerging markets, such as China;

- labor unrest in oil and natural gas producing regions;

weather conditions, including hurricanes and other natural occurrences that affect the supply and/or demand of oil and natural gas;

the price and availability of alternative fuels;

the price of foreign imports;

worldwide economic conditions; and

the availability of liquid natural gas imports.

These external factors and the volatile nature of the energy markets make it difficult to estimate future prices of oil and natural gas.

***Yuma depends on computer and telecommunications systems and failures in its systems or cyber security attacks could significantly disrupt its business operations.***

Yuma has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with its business. It is possible Yuma could incur interruptions from cyber security attacks, computer viruses or malware. Yuma believes that it has positive relations with its related vendors and maintains adequate anti-virus and malware software and controls; however, any interruptions to its arrangements with third parties to its computing and communications infrastructure or its information systems could significantly disrupt its business operations.

***Yuma may not be able to drill wells on a substantial portion of its acreage.***

Yuma may not be able to drill on a substantial portion of its acreage for various reasons. Yuma may not generate or be able to raise sufficient capital to do so. Future deterioration in commodities pricing may also make drilling some acreage uneconomic. Yuma's actual drilling activities and future drilling budget will depend on drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, lease expirations, gathering system and pipeline transportation constraints, regulatory approvals and other factors. In addition, any drilling activities Yuma is able to conduct may not be successful or add additional proved reserves to its overall proved reserves, which could have a material adverse effect on its future business, financial condition and results of operations.



***Yuma's ability to sell its production and/or receive market prices for its production may be adversely affected by transportation capacity constraints and interruptions.***

If the amount of natural gas, condensate or oil being produced by Yuma and others exceeds the capacity of the various transportation pipelines and gathering systems available in its operating areas, it will be necessary for new transportation pipelines and gathering systems to be built. Or, in the case of oil and condensate, it will be necessary for Yuma to rely more heavily on trucks to transport its production, which is more expensive and less efficient than transportation via pipeline. Currently, Yuma anticipates that additional pipeline capacity will be required in the Bakken / Three Forks formations area to transport oil and condensate production, which increased substantially during 2012 and 2013 and is expected to continue to increase. The construction of new pipelines and gathering systems is capital intensive and construction may be postponed, interrupted or cancelled in response to changing economic conditions and the availability and cost of capital. In addition, capital constraints could limit Yuma's ability to build gathering systems to transport its production to transportation pipelines. In such event, costs to transport Yuma's production may increase materially or it might have to shut in its wells awaiting a pipeline connection or capacity and/or sell its production at much lower prices than market or than it currently projects, which would adversely affect Yuma's results of operations.

A portion of Yuma's production may also be interrupted, or shut in, from time to time for numerous other reasons, including as a result of weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, or it might voluntarily curtail production in response to market conditions. If a substantial amount of Yuma's production is interrupted at the same time, it could adversely affect its cash flow.

***Unless Yuma replaces its reserves, its reserves and production will decline, which would adversely affect Yuma's financial condition, results of operations and cash flows.***

Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Decline rates are typically greatest early in the productive life of a well. Estimates of the decline rate of an oil or natural gas well are inherently imprecise, and are less precise with respect to new or emerging oil and natural gas formations with limited production histories than for more developed formations with established production histories. Yuma's production levels and the reserves that it currently expects to recover from its wells will change if production from Yuma's existing wells decline in a different manner than it has estimated and can change under other circumstances. Thus, Yuma's future oil and natural gas reserves and production and, therefore, its cash flow and results of operations are highly dependent upon Yuma's success in efficiently developing and exploiting its current properties and economically finding or acquiring additional recoverable reserves. Yuma may not be able to develop, find or acquire additional reserves to replace current and future production at acceptable costs. If Yuma is unable to replace current and future production, cash flows and the value of reserves may decrease, adversely affecting Yuma's business, financial condition and results of operations.

***Estimates of proved oil and natural gas reserves involve assumptions and any material inaccuracies in these assumptions will materially affect the quantities and the value of Yuma's reserves.***

This proxy statement/prospectus contains estimates of Yuma's proved oil and natural gas reserves. These estimates are based upon various assumptions, including assumptions required by the SEC relating to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The process of estimating oil and natural gas reserves is complex. This process requires significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. Therefore, these estimates are inherently imprecise.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from those estimated. Any significant variance could materially affect the estimated quantities and the value of Yuma's reserves. Yuma's properties may also be susceptible to hydrocarbon drainage from production by other operators on adjacent properties. In addition, Yuma may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond its control.

At December 31, 2013, approximately 81.6% of Yuma's estimated reserves were classified as proved undeveloped. Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. The reserve data assumes that Yuma will make significant capital expenditures to develop its reserves. The estimates of these oil and natural gas reserves and the costs associated with development of these reserves have been prepared in accordance with SEC regulations; however, actual capital expenditures will likely vary from estimated capital

expenditures, development may not occur as scheduled and actual results may not be as estimated.

***Yuma depends substantially on the continued presence of key personnel for critical management decisions and industry contacts.***

Yuma's success depends upon the continued contributions of its executive officers and key employees, particularly with respect to providing the critical management decisions and contacts necessary to manage and maintain growth within a highly competitive industry. Competition for qualified personnel can be intense, particularly in the oil and natural gas industry, and there are a limited number of people with the requisite knowledge and experience. Under these conditions, Yuma could be unable to attract and retain these personnel. The loss of the services of any of Yuma's executive officers or other key employees for any reason could have a material adverse effect on its business, operating results, financial condition and cash flows.

***Yuma's business is highly competitive.***

The oil and natural gas industry is highly competitive in many respects, including identification of attractive oil and natural gas properties for acquisition, drilling and development, securing financing for such activities and obtaining the necessary equipment and personnel to conduct such operations and activities. In seeking suitable opportunities, Yuma competes with a number of other companies, including large oil and natural gas companies and other independent operators with greater financial resources, larger numbers of personnel and facilities, and, in some cases, with more expertise.

***Yuma's oil and natural gas activities are subject to various risks which are beyond its control.***

Yuma's operations are subject to many risks and hazards incident to exploring and drilling for, producing, transporting, marketing and selling oil and natural gas. Although Yuma may take precautionary measures, many of these risks and hazards are beyond its control and unavoidable under the circumstances. Many of these risks or hazards could materially and adversely affect its revenues and expenses, the ability of certain of its wells to produce oil and natural gas in commercial quantities, the rate of production and the economics of the development of, and its investment in the prospects in which Yuma has or will acquire an interest. Any of these risks and hazards could materially and adversely affect Yuma's financial condition, results of operations and cash flows. Such risks and hazards include:

human error, accidents, labor force and other factors beyond Yuma's control that may cause personal injuries or death to persons and destruction or damage to equipment and facilities;

blowouts, fires, hurricanes, pollution and equipment failures that may result in damage to or destruction of wells, producing formations, production facilities and equipment;

· unavailability of materials and equipment;

· engineering and construction delays;

· unanticipated transportation costs and delays;

· unfavorable weather conditions;

· hazards resulting from unusual or unexpected geological or environmental conditions;

· environmental regulations and requirements;

· accidental leakage of toxic or hazardous materials, such as petroleum liquids or drilling fluids, into the environment;

· hazards resulting from the presence of hydrogen sulfide (H<sub>2</sub>S) or other contaminants in natural gas Yuma produces;

· changes in laws and regulations, including laws and regulations applicable to oil and natural gas activities or markets for the oil and natural gas produced;

· fluctuations in supply and demand for oil and natural gas causing variations of the prices Yuma receives for its oil and natural gas production; and

· the availability of alternative fuels and the price at which they become available.

As a result of these risks, expenditures, quantities and rates of production, revenues and operating costs may be materially adversely affected and may differ materially from those anticipated by Yuma.

***Yuma's exploration and development drilling efforts and the operation of its wells may not be profitable or achieve its targeted returns.***

Yuma requires significant amounts of undeveloped leasehold acreage to further its development efforts. Exploration, development, drilling and production activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. Yuma invests in property, including undeveloped leasehold acreage, which it believes will result in projects that will add value over time. Yuma's leasehold acreage may not be profitably developed, new wells drilled by it may not be productive and it may not recover all or any portion of its investment in such leasehold acreage or wells. Drilling for oil and natural gas may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient net reserves to return a profit after deducting operating and other costs. In addition, wells that are profitable may not achieve Yuma's targeted rate of return. Yuma's ability to achieve its target results is dependent upon the current and future market prices for oil and natural gas, costs associated with producing oil and natural gas and its ability to add reserves at an acceptable cost.

In addition, Yuma may not be successful in controlling its drilling and production costs to improve its overall return. The cost of drilling, completing and operating a well is often uncertain and cost factors can adversely affect the economics of a project. Yuma cannot predict the cost of drilling and completing a well, and it may be forced to limit, delay or cancel drilling operations as a result of a variety of factors, including:

· unexpected drilling conditions;

· pressure or irregularities in formations;

· equipment failures or accidents and shortages or delays in the availability of drilling and completion equipment and services;

· adverse weather conditions, including hurricanes; and

· compliance with governmental requirements.

*Yuma is subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of doing business.*

Companies that explore for and develop, produce, sell and transport oil and natural gas in the United States are subject to extensive federal, state and local laws and regulations, including complex tax and environmental, health and safety laws and the corresponding regulations, and are required to obtain various permits and approvals from federal, state and local agencies. If these permits are not issued or unfavorable restrictions or conditions are imposed on Yuma's drilling activities, it may not be able to conduct operations as planned. Yuma may be required to make large expenditures to comply with governmental regulations. Matters subject to regulation include:

- water discharge and disposal permits for drilling operations;
- drilling bonds;
- drilling permits;
- reports concerning operations;
- air quality, noise levels and related permits;
- spacing of wells;
- rights-of-way and easements;
- unitization and pooling of properties;
- pipeline construction;
- gathering, transportation and marketing of oil and natural gas;
- taxation; and
- waste transport and disposal permits and requirements.

Failure to comply with these laws may result in the suspension or termination of operations and subject Yuma to liabilities under administrative, civil and criminal penalties. Compliance costs can be significant. Moreover, these laws or the enforcement thereof could change in ways that substantially increase the costs of doing business. Any such liabilities, penalties, suspensions, terminations or regulatory changes could materially and adversely affect Yuma's business, financial condition and results of operations. Under these laws and other environmental health and safety laws and regulations, Yuma could be held liable for personal injuries, property damage (including site clean-up and restoration costs) and other damages including the assessment of natural resource damages. Failure to comply with these laws and regulations may also result in the suspension or termination of Yuma's operations and subject it to administrative, civil and criminal penalties. Some laws and regulations may impose strict as well as joint and several liability for environmental contamination, which could subject Yuma to liability for the conduct of others or for its own actions that were in compliance with all applicable laws at the time such actions were taken. Environmental and other governmental laws and regulations also increase the costs to plan, design, drill, install, operate and abandon oil and natural gas wells. Moreover, public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain drilling projects. Part of the regulatory environment in which Yuma operates includes, in some cases, federal requirements for performing or preparing environmental assessments, environmental impact studies and/or plans of development before commencing exploration and production activities. In addition, Yuma's activities are subject to regulation by oil and natural gas-producing states relating to conservation practices and protection of correlative rights. These regulations affect Yuma's operations and limit the quantity of oil and natural gas it may produce and sell. Delays in obtaining regulatory approvals or necessary permits, the failure to obtain a permit or the receipt of a permit with excessive conditions or costs could have a material adverse effect on Yuma's ability to explore on, develop or produce its properties. Additionally, the oil and natural gas regulatory environment could change in ways that might substantially increase the financial and managerial costs to comply with the requirements of these laws and regulations and, consequently, adversely affect Yuma's profitability.

***Federal, state and local legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.***

From time to time, legislation has been proposed in Congress to amend the federal Safe Drinking Water Act to require federal permitting of hydraulic fracturing and the disclosure of chemicals used in the hydraulic fracturing process. Federal, state, tribal and local governments have been adopting or considering restrictions on or prohibitions of fracturing in areas where Yuma has non-operated working interests and the operator of such properties could be subject to additional levels of regulation, operational delays or increased operating costs and could have regulatory burdens imposed upon it that could make it more difficult to perform hydraulic fracturing and increase the costs of compliance and doing business.

At the Federal level, for example, the EPA is conducting a wide-ranging study on the effects of hydraulic fracturing on drinking water resources. In December 2012, the EPA issued a progress report describing its ongoing study, and announcing its expectation that a final draft report will be released for public comment and peer review in 2014. Other governmental reviews have also been recently conducted or are under way that focus on environmental aspects of hydraulic fracturing, including for example, a Federal Bureau of Land Management rulemaking for hydraulic fracturing practices on federal and Indian lands that has resulted in a May 2013 proposal that would require public disclosure of chemicals used in hydraulic fracturing on federal and Indian lands, confirmation that the wells used in fracturing operations meet proper construction standards and development of plans for managing flowback water from such activities. These activities could result in additional regulatory scrutiny that could make it difficult to perform hydraulic fracturing and increase the costs of compliance and doing business with regard to Yuma's non-operated properties.

Certain states likewise have adopted, and other states are considering the adoption of regulations that impose new or more stringent permitting, disclosure and well construction requirements on hydraulic fracturing operations. In addition to state laws, local land use restrictions, such as city ordinances, may restrict or prohibit drilling in general or hydraulic fracturing in particular. Such efforts have extended to bans on hydraulic fracturing.

In connection with its non-operated properties in the Williston Basin, as a working interest owner, Yuma uses a significant amount of water with respect to hydraulic fracturing operations. The inability to locate sufficient amounts of water, or dispose of or recycle water used in exploration and production operations, could adversely impact Yuma's operations. Moreover, new environmental initiatives and regulations could include restrictions on Yuma's ability to participate in certain operations such as hydraulic fracturing or disposal of waste, including, but not limited to, produced water, drilling fluids and other wastes associated with the exploration, development or production of oil and natural gas. Compliance with environmental regulations and regulatory permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase the operating costs of Yuma's non-operated properties in the Williston Basin and cause delays, interruptions or termination of operations, all of which could have an adverse effect on Yuma's results of operations and financial condition.



Hydraulic fracturing involves the injection of water, sand and various chemicals under pressure into geologic formations to fracture the surrounding rock and stimulate production. This process may give rise to operational issues such as an underground migration of water and chemicals to unintended areas, wellbore integrity, possible surface spillage and contamination caused by mishandling of fracturing fluids, including chemical additives. Properly administering the hydraulic fracturing process entails operational costs and a failure to properly administer the process could cause significant remedial and financial costs.

***Regulation related to global warming and climate change could have an adverse effect on Yuma's operations and demand for oil and natural gas.***

Studies over recent years have indicated that emissions of certain gases may be contributing to warming of the Earth's atmosphere. In response to these studies, governments have begun adopting domestic and international climate change regulations that require reporting and reductions of the emission of greenhouse gases. Methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of oil, natural gas and refined petroleum products, are considered greenhouse gases. Internationally, the United Nations Framework Convention on Climate Change, and the Kyoto Protocol address greenhouse gas emissions, and several countries, including those comprising the European Union, have established greenhouse gas regulatory systems. In the United States, at the state level, many states, either individually or through multi-state regional initiatives, have begun implementing legal measures to reduce emissions of greenhouse gases, primarily through the planned development of emission inventories, emission targets, greenhouse gas cap and trade programs or incentives for renewable energy generation, while others have considered adopting such greenhouse gas programs.

The EPA has issued greenhouse gas monitoring and reporting regulations that went into effect January 1, 2010, and required reporting by regulated facilities by March 2011 and annually thereafter. In November 2010, the EPA issued a final rule requiring companies to report certain greenhouse gas emissions from oil and natural gas facilities. On July 19, 2011, the EPA amended the oil and natural gas facility greenhouse gas reporting rule to require reporting beginning in September 2012. Beyond measuring and reporting, the EPA issued an “Endangerment Finding” under section 202(a) of the Clean Air Act, concluding greenhouse gas pollution threatens the public health and welfare of current and future generations. The finding served as the first step to issuing regulations that require permits for and reductions in greenhouse gas emissions for certain facilities. Recently, the EPA issued four new regulations for the oil and natural gas industry, including: a new source performance standard for volatile organic compounds (“VOCs”); a new source performance standard for sulfur dioxide; an air toxics standard for oil and natural gas production; and an air toxics standard for natural gas transmission and storage. The final rule includes the first federal air standards for natural gas wells that are hydraulically fractured, or refractured, as well as requirements for several sources, such as storage tanks and other equipment, and limits methane emissions from these sources. Compliance with these regulations will impose additional requirements and costs on Yuma’s operations.

In the courts, several decisions have been issued that may increase the risk of claims being filed by governments and private parties against companies that have significant greenhouse gas emissions. Such cases may seek to challenge air emissions permits that greenhouse gas emitters apply for and seek to force emitters to reduce their emissions or seek damages for alleged climate change impacts to the environment, people, and property.

Any laws or regulations that may be adopted to restrict or reduce emissions of greenhouse gases could require Yuma to incur additional operating costs, such as costs to purchase and operate emissions or other compliance costs, and reduce demand for its products.

***The ongoing implementation of federal legislation enacted in 2010 could have an adverse impact on Yuma’s ability to use derivative instruments to reduce the effects of commodity prices, interest rates and other risks associated with its business.***

Historically, Yuma has entered into a number of commodity derivative contracts in order to hedge a portion of its oil and natural gas production and, periodically, interest expense. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, which requires the SEC and the Commodity Futures Trading Commission (or CFTC), along with other federal agencies, to promulgate regulations implementing the new legislation. The CFTC, in coordination with the SEC and various U.S. federal banking regulators, has issued regulations to implement the so-called “Volcker Rule” under which banking entities are generally prohibited from proprietary trading of derivatives. Although conditional exemptions from this general prohibition are available, the Volcker Rule may limit the trading activities of banking entities that have been counterparties to Yuma’s derivatives trades in the past. Also, a provision of the Dodd-Frank Act known as the “swaps push-out rule” may require some of the banking counterparties to Yuma’s commodity derivative contracts to “push out” some of their derivatives activities to a separate entity, which may not be as creditworthy as the current counterparty.

The CFTC also has finalized other regulations implementing the Dodd-Frank Act's provisions regarding trade reporting, margin and position limits; however, some regulations remain to be finalized and it is not possible at this time to predict when the CFTC will adopt final rules. For example, the Dodd-Frank Act and the CFTC regulations may require compliance with margin requirements and with certain clearing and trade-execution requirements in connection with certain of Yuma's derivative activities. Also, the CFTC has re-proposed regulations setting position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents. Certain bona fide hedging transactions are expected to be made exempt from these limits. It is possible that the CFTC, in conjunction with the U.S. federal banking regulators, may mandate that financial counterparties entering into swap transactions with end-users must do so with credit support agreements in place, which could result in negotiated credit thresholds above which Yuma would be required to post collateral.

The Dodd-Frank Act and any additional implementing regulations could significantly increase the cost of some commodity derivative contracts (including through requirements to post collateral, which could adversely affect Yuma's available liquidity), materially alter the terms of some commodity derivative contracts, limit its ability to trade some derivatives to hedge risks, reduce the availability of some derivatives to protect against risks it encounters, reduce its ability to monetize or restructure its existing commodity derivative contracts, and potentially increase its exposure to less creditworthy counterparties. If Yuma reduces its use of derivatives as a consequence, its results of operations may become more volatile and its cash flows may be less predictable, which could adversely affect its ability to plan for and fund capital expenditures. Increased volatility may make Yuma less attractive to certain types of investors. Finally, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. If the implementing regulations result in lower commodity prices, Yuma's revenues could be adversely affected. Any of these consequences could adversely affect its business, financial condition and results of operations.

***Yuma cannot be certain that the insurance coverage it maintains will be adequate to cover all losses that may be sustained in connection with all oil and natural gas activities.***

Yuma maintains general and excess liability policies, which it considers to be reasonable and consistent with industry standards. These policies generally cover:

· personal injury;

· bodily injury;

third party property damage;

medical expenses;

legal defense costs;

pollution in some cases;

well blowouts in some cases; and

workers compensation.

As is common in the oil and natural gas industry, Yuma will not insure fully against all risks associated with its business either because such insurance is not available or because it believes the premium costs are prohibitive. A loss not fully covered by insurance could have a materially adverse effect on Yuma's financial position, results of operations and cash flows.

***Title to the properties in which Yuma has an interest may be impaired by title defects.***

Yuma generally obtains title opinions on significant properties that it drills or acquires. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. Generally, under the terms of the operating agreements affecting Yuma's properties, any monetary loss is to be borne by all parties to any such agreement in proportion to their interests in such property. If there are any title defects or defects in assignment of leasehold rights in properties in which Yuma holds an interest, it will suffer a financial loss.

***The unavailability or high cost of drilling rigs, pressure pumping equipment and crews, other equipment, supplies, water, personnel and oil field services could adversely affect Yuma's ability to execute its exploration and development plans on a timely basis and within its budget.***

The oil and gas industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies, water or qualified personnel. During these periods, the costs and delivery times of rigs, equipment and supplies are substantially greater. In addition, the demand for, and wage rates of, qualified drilling rig crews rise as the number of active rigs in service increases. Increasing levels of exploration and production may increase the demand for oilfield services and equipment, and the costs of these services and equipment may increase, while the quality of these

services and equipment may suffer. The unavailability or high cost of drilling rigs, pressure pumping equipment, supplies or qualified personnel can materially and adversely affect Yuma's operations and profitability. In order to secure drilling rigs and pressure pumping equipment, Yuma has entered into certain contracts that extend over several months. If demand for drilling rigs and pressure pumping equipment subside during the period covered by these contracts, the price Yuma is required to pay may be significantly more than the market rate for similar services.

***Yuma depends on the skill, ability and decisions of third-party operators of the oil and natural gas properties in which it has a non-operated working interest.***

The success of the drilling, development and production of the oil and natural gas properties in which Yuma has or expects to have a non-operating working interest is substantially dependent upon the decisions of such third-party operators and their diligence to comply with various laws, rules and regulations affecting such properties. The failure of any third-party operator to make decisions, perform their services, discharge their obligations, deal with regulatory agencies, and comply with laws, rules and regulations, including environmental laws and regulations in a proper manner with respect to properties in which Yuma has an interest could result in material adverse consequences to its interest in such properties, including substantial penalties and compliance costs. Such adverse consequences could result in substantial liabilities to Yuma or reduce the value of its properties, which could negatively affect its results of operations.

***Hedging transactions may limit Yuma's potential gains and increase its potential losses.***

In order to manage Yuma's exposure to price risks in the marketing of its oil, natural gas, and natural gas liquids production, Yuma has entered into oil, natural gas, and natural gas liquids price hedging arrangements with respect to a portion of its anticipated production and it may enter into additional hedging transactions in the future. While intended to reduce the effects of volatile oil, natural gas and natural gas liquids prices, such transactions may limit its potential gains and increase its potential losses if oil, natural gas and natural gas liquids prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose Yuma to the risk of loss in certain circumstances, including instances in which:

Yuma's production is less than expected;

there is a widening of price differentials between delivery points for Yuma's production; or

the counterparties to Yuma's hedging agreements fail to perform under the contracts.

### **Risks Relating to Pyramid's Operations After Consummation of the Merger**

*We may not be able to successfully integrate the businesses of Pyramid and Yuma following the merger.*

The success of the merger depends in large part upon our ability to integrate our organizations, operations, systems and personnel. The integration of two previously independent companies is a challenging, time-consuming and costly process. Pyramid and Yuma have operated and, until the effective time of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with suppliers, customers and employees or to achieve the anticipated benefits of the merger. In addition, successful integration of the companies will require the dedication of significant management resources, which will temporarily detract attention from the day-to-day businesses of the combined company. If we are not able to integrate our organizations, operations, systems and personnel in a timely and efficient manner, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

*Pyramid's merger with Yuma, if completed, may not achieve its intended results.*

Pyramid and Yuma entered into the merger agreement with the expectation that the merger would result in various benefits, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the business of Yuma is integrated in an efficient and effective manner. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues generated by the combined company, and diversion of management's time and energy and could have an adverse effect on the combined company's financial position, results of operations or cash flows.

*Pyramid's business plan after consummation of the merger includes substantial capital requirements which may require additional debt or equity financing.*

After consummation of the merger, Pyramid expects to make substantial capital expenditures for the acquisition, development, production and exploration of its oil and gas properties in order to fully realize its business plan. Pyramid's capital requirements will depend on numerous factors, and it cannot predict accurately the exact timing and amount of its capital requirements. Although Pyramid intends to finance a substantial portion of its future capital expenditures through cash flow from operations, cash on hand, and its revolving credit facility, it may require additional funds which could come from debt or equity financing or asset sales. A decrease in expected revenues or adverse change in market conditions could make obtaining financing economically unattractive or impossible or reduce the value Pyramid expects to receive from asset divestitures.

A significant increase in Pyramid's indebtedness, or an increase in its indebtedness that is proportionately greater than its issuances of equity could negatively impact its ability to remain in compliance with the financial covenants under Pyramid's revolving credit facility which could force it to limit or defer its planned oil and gas leasing, exploration and development program. Moreover, if Pyramid is unable to finance its growth as expected, it could be required to sell assets, seek alternative financing, the terms of which may not be attractive to Pyramid, or reduce the scope of its business plan.

In addition, a significant increase in Pyramid's indebtedness could cause it to be unable to obtain sufficient credit capacity with counterparties to finance the hedging of its future crude oil and gas production which may limit its ability to manage price risk. As a result of these factors, Pyramid may lack the capital necessary to fully pursue its drilling program, obtain credit necessary to enter into derivative contracts to hedge its future crude oil and gas production or to capitalize on other business opportunities.

### **Risks Relating to Pyramid Common Stock After Consummation of the Merger**

*The trading price of Pyramid common stock may be volatile.*

The trading price of shares of Pyramid common stock has from time to time fluctuated widely and in the future Pyramid common stock may be subject to similar fluctuations. The trading price may be affected by a number of factors including the risk factors set forth in this document, as well as Pyramid's operating results, financial condition, drilling activities and general conditions in the oil and natural gas exploration and development industry, the economy, the securities markets and other events.

The influx of such a substantial number of shares into the public market could have a significant negative effect on the trading price of Pyramid common stock. In recent years broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, Pyramid may experience wide fluctuations in the market price of its common stock. These fluctuations may have an extremely negative effect on the market price of Pyramid common stock.

***The expected executive officers and directors after the closing of the merger of the combined company are expected to collectively beneficially own approximately 59.2% of the outstanding shares of Pyramid common stock after the closing of the merger and continue to have substantial control over Pyramid, which will limit Pyramid stockholders' ability to influence the outcome of important transactions, including a change in control.***

The expected executive officers and directors after the merger of the combined company and their affiliates, in the aggregate, beneficially will own approximately 59.2% of the outstanding shares of Pyramid common stock, based on the number of shares anticipated to be outstanding at the closing of the merger. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by Pyramid's stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of Pyramid, could deprive its stockholders of an opportunity to receive a premium for their Pyramid common stock as part of a sale of Pyramid and might ultimately affect the market price of Pyramid common stock.

***Offerings of debt by Pyramid, which would be senior to Pyramid's common stock upon liquidation, and/or preferred stock, which would be senior to Pyramid common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of Pyramid's common stock.***

Pyramid may from time to time issue debt securities in connection with any number of activities, including strategic acquisitions, repayment of debt, capital expenditures and other uses. Upon liquidation, holders of such debt securities and lenders with respect to other borrowings by Pyramid will receive distributions of Pyramid's available assets prior to the holders of Pyramid's common stock.

Pyramid's board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the stockholders. Pyramid's board of directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over Pyramid common stock with respect to dividends or upon Pyramid's dissolution, winding-up and liquidation and other terms. If Pyramid issues preferred stock in the future that has a preference over its common stock with respect to the payment of dividends or upon its liquidation, dissolution, or winding-up, or if Pyramid issues preferred stock with voting rights that dilute the voting power of the common stock, the rights of holders of Pyramid common stock or the market price of Pyramid common stock could be



adversely affected.

In addition, offerings of Pyramid common stock or of securities linked to Pyramid common stock may dilute the holdings of Pyramid existing common stockholders or reduce the market price of Pyramid common stock. Holders of Pyramid common stock are not entitled to preemptive rights.

## **THE COMPANIES**

### **Pyramid Oil Company**

Since Pyramid's incorporation on October 9, 1909, it has been engaged in the business of the exploration, development and production of crude oil and natural gas. Pyramid acquires interests in land and producing properties through acquisitions and leases and then drills and/or operates crude oil or natural gas wells in efforts to discover and produce oil and gas. Crude oil and natural gas produced from these properties are sold to various refineries and pipeline companies. The majority of the oil and gas properties that Pyramid owns and operates are for its account. Pyramid also participates in joint ventures with other companies in the development of oil and gas properties.

Although Pyramid owns some minor oil and gas interests in New York, Wyoming and Texas, all of its major revenue-producing properties are in California. At December 31, 2013, Pyramid's estimated total proved oil and natural gas reserves, as prepared by its independent reserve engineering firm, MHA Petroleum Consultants, Inc. ("MHA"), were approximately 452 MBoe, consisting of 449 MBbls of oil, and 14 MMcf of natural gas. Approximately 100% of Pyramid's proved reserves were classified as proved developed. Pyramid maintains operational control of approximately 98.5% of its proved reserves. Full year 2013 production averaged 121 Boe/d compared to 126 Boe/d in 2012. Pyramid's total operating revenues for 2013 were approximately \$5.2 million compared to \$5.0 million in 2012.

Pyramid's principal executive offices are located at 2008 – 21st Street, Bakersfield, California 93301 and its mailing address is P. O. Box 832, Bakersfield, California 93302, and its telephone number is (661) 325-1000. Pyramid's website address is [www.pyramidoil.com](http://www.pyramidoil.com), although the information on its website is not deemed to be part of this proxy statement/prospectus.

### **Pyramid Merger Subsidiary, Inc.**

Pyramid Merger Subsidiary, Inc., a Delaware corporation, is a direct wholly owned subsidiary of Pyramid and was formed solely for the purpose of consummating the merger. Pyramid Merger Subsidiary, Inc. has not carried on any activities to date, except for activities incidental to formation and activities undertaken in connection with the merger. Its principal offices are located at 2008 – 21st Street, Bakersfield, California 93301, its mailing address is P. O. Box 832, Bakersfield, California 93302, and its telephone number is (661) 325-1000.

## **Yuma Energy, Inc.**

Yuma Energy, Inc. is a U.S.-based oil and gas company focused on the exploration for, and development of, conventional and unconventional oil and gas prospects. Yuma's predecessor was established in 1983. Yuma was originally incorporated under the name "The Yuma Companies, Inc.," and subsequently changed its name to Yuma Energy, Inc. in August 2013. Yuma has employed a 3-D seismic-based strategy to build a multi-year inventory of development and exploration prospects. Yuma's current operations are focused on onshore central Louisiana, where Yuma is targeting the Austin Chalk, Tuscaloosa, Wilcox, Frio, Marg Tex and Hackberry formations. In addition, Yuma has a non-operated position in the Bakken Shale in North Dakota. Yuma's core competencies in generating oil and gas prospects include: unconventional oil plays; onshore liquids-rich projects; and high impact deep onshore prospects located beneath known producing trends, identified through the use of 3-D seismic surveys.

At December 31, 2013, Yuma's estimated total proved oil and natural gas reserves, as prepared by its independent reserve engineering firm, Netherland, Sewell & Associates, Inc. ("NSAI"), were approximately 20,777 MBoe, consisting of 11,615 MBbls of oil, 2,767 MBbls of natural gas liquids, and 38,372 MMcf of natural gas. Approximately 18.4% of Yuma's proved reserves were classified as proved developed. Yuma maintains operational control of approximately 79% of its proved reserves. For the year ended December 31, 2013, Yuma's production averaged 1,369 Boe/d compared to 685 Boe/d for the year ended December 31, 2012. Yuma's total revenues for the year ended December 31, 2013 were \$29,142,572 compared to \$21,883,909 for the year ended December 31, 2012. For the three months ended March 31, 2014, production averaged 2,632 Boe/d compared to 875 Boe/d for the three months ended March 31, 2013. Yuma's total revenues for the first three months of 2014 were \$10,596,932 compared to \$4,756,590 for the first three months of 2013.

Yuma's principal executive offices are located at 1177 West Loop South, Suite 1825, Houston, Texas 77027, and its telephone number is (713) 968-7000. Yuma's website address is [www.yumaenergyinc.com](http://www.yumaenergyinc.com), although the information on its website is not deemed to be part of this proxy statement/prospectus.

## **Recent Developments**

Yuma spudded its second operated Austin Chalk well, the Crosby 14-1, in the Greater Masters Creek Field on March 27, 2014. This well is located in Section 14 Township 2 South, Range 7 West in Vernon Parish, Louisiana. The Crosby 14-1 will be drilled vertically to approximately 15,000 feet to the top of the Austin Chalk formation and then up to 6,000 feet horizontally in the Austin Chalk pay interval. Yuma expects this well will be drilled and tested during August 2014. If successful, Yuma expects to have the well on production in late September 2014.

Plans are underway to drill a development well offsetting Yuma's 2013 Wilcox formation discovery on its Musial prospect located in Livingston Parish, Louisiana. Yuma's discovery, the Starns 38-1, was drilled to a measured total depth of 10,119 feet and was put on production in late April 2013, and averaged 101 Bbl/d and 229 barrels of water per day while on pump. By December 2013 the production rate had declined to 30 Bbl/d. The downhole pump was re-configured and the producing interval was treated for paraffin and asphaltene buildup in January 2014. The well began producing on its own and water production dropped significantly. During July 2014, the well flowed at an average rate of 125 barrels of oil and eight barrels of water per day. Yuma spudded an offset well, the Nettles 39-1, on July 2, 2014. Yuma reached a total depth of 10,051 feet during July 2014 and logged 18 feet of net pay in the primary objective, the First Wilcox sand. The Starns 38-1 also had 18 net feet of pay in the First Wilcox sand. Below the First Wilcox sand, the logs indicated 12 net feet of pay in the Fourth Wilcox sand which was not productive in the Starns 38-1 well. Yuma has run production casing and will begin by testing the Fourth Wilcox sand and, if productive, will produce the well from that sand and will recompleat the well in the First Wilcox sand at a later date. If the completion efforts are successful, Yuma expects to have the well on production during August 2014.

Yuma participated for an 18.9% working interest in a successful infill development well in the Ringwood Field located in Major County, Oklahoma. The Bertha No. 8-3 was completed in early April 2014 in the Hunton formation at a depth of 8,010 feet at an initial production rate of 150 barrels of oil per day.

## PYRAMID SPECIAL MEETING

### General

This proxy statement/prospectus is being furnished to Pyramid stockholders in connection with the solicitation of proxies by the Pyramid board of directors to be used at the special meeting of stockholders to be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 9:00 a.m., local time, and at any adjournment or postponement of that meeting. This proxy statement/prospectus and the enclosed form of proxy card are first being sent to Pyramid stockholders on or about August 13, 2014.

### Purpose of the Pyramid Special Meeting

At the Pyramid special meeting, holders of Pyramid common stock as of the record date of August 11, 2014 will be asked to consider and vote on:

Proposal 1: the proposal to approve and adopt the merger agreement and the transactions contemplated thereby which are further described in the sections of this proxy statement/prospectus entitled “The Merger” and “The Merger Agreement”;

Proposal 2: the proposals to approve certain amendments to Pyramid’s restated articles of incorporation, each to take effect only upon consummation of the merger, as follows (as further described herein under the section entitled “Restated articles of incorporation of Pyramid Oil Company Proposals”):

Proposal 2A: a provision in the restated articles of incorporation of Pyramid that increases the authorized shares of Pyramid common stock from 50,000,000 shares to 300,000,000 shares;

Proposal 2B: a provision in the restated articles of incorporation of Pyramid that provides for the classification of the board of directors of Pyramid into two classes with staggered terms;

Proposal 2C: a provision in the restated articles of incorporation of Pyramid that eliminates cumulative voting in the election of directors;

Proposal 2D: a provision in the restated articles of incorporation of Pyramid that changes the name of the combined company to “Yuma Energy, Inc.” after the merger;

Proposal 3: the proposal to approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan; and

Proposal 4: the proposal to adjourn the Pyramid special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve and adopt the proposals listed above.

### **Recommendation of the Pyramid Board of Directors**

Pyramid's board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of Pyramid and its stockholders, (ii) approved the merger agreement, the merger and the other transactions contemplated thereby, (iii) approved the restated articles of incorporation of Pyramid, (iv) approved the Pyramid 2014 Long-Term Incentive Plan, and (v) approved the proposal to authorize Pyramid's board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

**The Pyramid board of directors unanimously recommends that Pyramid stockholders vote:**

**“FOR” the proposal to approve and adopt the merger agreement;**

**“FOR” the proposal to amend the restated articles of incorporation of Pyramid to increase the authorized shares of common stock from 50,000,000 shares to 300,000,000 shares;**

**“FOR” the proposal to amend the restated articles of incorporation of Pyramid to provide for the classification of the board of directors of Pyramid into two classes with staggered terms;**

**“FOR” the proposal to amend the restated articles of incorporation of Pyramid to eliminate cumulative voting in the election of directors; and**

**“FOR” the proposal to amend the restated articles of incorporation of Pyramid to change the name of the Pyramid to “Yuma Energy, Inc.” after the merger;**

**“FOR” the proposal to approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan; and**

**“FOR” any adjournment proposal.**

### **Record Date and Voting**

The Pyramid board of directors has fixed the close of business on August 11, 2014 as the record date for determining the holders of shares of Pyramid common stock entitled to receive notice of and to vote at the Pyramid special meeting and any adjournments or postponements thereof. Only holders of record of shares of Pyramid common stock at the close of business on that date will be entitled to vote at the Pyramid special meeting and at any adjournment or postponement of that meeting. At the close of business on the record date, there were 4,788,085 shares of Pyramid common stock outstanding, held by approximately 189 holders of record.

Each holder of shares of Pyramid common stock outstanding on the record date will be entitled to one vote for each share held of record upon each matter properly submitted at the Pyramid special meeting and at any adjournment or postponement thereof. In order for Pyramid to satisfy its quorum requirements, the holders of at least a majority of the total number of outstanding shares of Pyramid common stock entitled to vote at the meeting must be present. You will be deemed to be present if you attend the meeting or if you submit a proxy (including through the mail or by telephone or the Internet) that is received at or prior to the meeting (and not revoked).

If your proxy is properly executed and received by Pyramid in time to be voted at the Pyramid special meeting, the shares represented by your proxy (including those given through the mail or by telephone or the Internet) will be voted in accordance with your instructions. If you execute your proxy but do not provide Pyramid with any instructions, your shares will be voted “FOR” the proposals set forth in the notice of special meeting.

The only matters that we expect to be presented at the Pyramid special meeting are set forth in the notice of special meeting. If any other matters properly come before the Pyramid special meeting, the persons named in the proxy card will vote the shares represented by all properly executed proxies on such matters in their best judgment.

## Quorum

If you vote in person or by proxy at the Pyramid special meeting, you will be counted for purposes of determining whether there is a quorum at the meeting. Shares of Pyramid common stock present in person or by proxy at the Pyramid special meeting that are entitled to vote will be counted for the purpose of determining whether there is a quorum for the transaction of business at the Pyramid special meeting. The Pyramid bylaws provide that a majority of the outstanding shares of Pyramid common stock entitled to vote at the meeting, represented in person or by proxy, constitutes a quorum at a meeting of its stockholders.

As of the record date:

Pyramid directors and executive officers and their affiliates owned and were entitled to vote 1,963,253 shares of Pyramid common stock, representing approximately 41.0% of the outstanding shares of Pyramid common stock;

Pyramid directors and executive officers and their affiliates did not own any shares of Yuma common stock or Yuma preferred stock; and

Michael D. Herman, Pyramid's Chairman of the Board of Directors and Interim President and Chief Executive Officer, has entered into a voting agreement with Yuma pursuant to which he has agreed, among other things, to vote all shares of Pyramid common stock owned by him in favor of the proposal to approve and adopt the merger agreement and the proposals related to the Pyramid restated articles of incorporation and to grant an irrevocable proxy to Sam L. Banks empowering him to vote all such shares of Pyramid common stock at any meeting of Pyramid stockholders called for the purpose of voting on the merger agreement and the provisions of the restated articles of incorporation of Pyramid. As of August 11, 2014, Mr. Herman owned approximately 40.8% of the issued and outstanding common stock of Pyramid.



Pyramid currently expects that its directors and executive officers will vote their shares of Pyramid common stock “FOR” all of the proposals set forth in the notice of special meeting.

## **Vote Required**

***Approval and adoption of the merger agreement*** (Proposal 1). Approval of the proposal to approve and adopt the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Pyramid common stock.

***Approval of the Pyramid restated articles of incorporation proposals*** (Proposals 2A, 2B, 2C and 2D). Approval of each of the proposals related to the Pyramid restated articles of incorporation requires the affirmative vote of a majority of the issued and outstanding shares of Pyramid common stock.

***Approval and adoption of the Pyramid Oil Company 2014 Long-Term Incentive Plan*** (Proposal 3). Approval of the proposal to approve and adopt the Pyramid Oil Company 2014 Long-Term Incentive Plan requires the affirmative vote of a majority of the shares of Pyramid common stock represented in person or by proxy at the special meeting and voting on the proposal, provided that such shares voting affirmatively must also constitute a majority of the required quorum for the meeting.

***Approval of the adjournment of the Pyramid special meeting*** (Proposal 4). Approval of the proposal to authorize Pyramid’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above requires the affirmative vote of a majority of the shares of Pyramid common stock represented in person or by proxy at the special meeting and voting on the proposal, provided that such shares voting affirmatively must also constitute a majority of the required quorum for the meeting.

Abstentions will be counted in determining the presence of a quorum, and broker non-votes will be counted in determining the presence of a quorum. Broker non-votes will not be counted as votes cast with regard to the proposal to approve and adopt the merger agreement or the proposals related to the restated articles of incorporation of Pyramid and, as such, broker non-votes could result in there not being sufficient votes cast for these proposals. With respect to the proposal to approve and adopt the Pyramid 2014 Long-Term Incentive Plan and the proposal to authorize Pyramid’s board of directors, in its discretion, to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposals listed above, broker non-votes and abstentions could prevent these proposals from receiving the required affirmative vote of (i) a majority of the shares represented in person or by proxy and voting on each proposal and (ii) a majority of the shares required to constitute a quorum.

## **Revocability of Proxies**

The presence of a stockholder at the Pyramid special meeting will not automatically revoke that stockholder's proxy. However, a stockholder may revoke a proxy at any time prior to its exercise by:

submitting a written revocation prior to the special meeting to the Corporate Secretary, Pyramid Oil Company, P.O. Box 832, Bakersfield, California 93302;

submitting another signed and later dated proxy card and returning it by mail in time to be received before Pyramid's special meeting or by submitting a later dated proxy by the Internet or telephone prior to the special meeting; or

attending the Pyramid special meeting and voting in person.

## **Voting Methods**

A Pyramid stockholder of record may vote by attending the special meeting in person. You may also complete and mail your proxy card in the return envelope enclosed or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card.

## **Solicitation of Proxies**

In addition to solicitation by mail, directors, officers and employees of Pyramid may solicit proxies for the special meeting from Pyramid stockholders personally or by telephone and other electronic means without additional remuneration for soliciting such proxies. Pyramid and Yuma will equally share the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus.

## **YUMA SPECIAL MEETING**

### **General**

This proxy statement/prospectus is being furnished to Yuma stockholders in connection with the solicitation of proxies by the Yuma board of directors to be used at the special meeting of stockholders to be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on September 10, 2014 at 10:00 a.m., local time, and at any adjournment or postponement of that meeting. This proxy statement/prospectus and the enclosed form of proxy are first being sent to Yuma stockholders on or about August 13, 2014.

### **Purpose of the Yuma Special Meeting**

At the Yuma special meeting, holders of Yuma common stock and preferred stock as of the record date will be asked to consider and vote on:

- Proposal 1: the proposal to approve the merger, the merger agreement and the transactions contemplated by the merger agreement, which are further described in the sections entitled “The Merger” and “The Merger Agreement”; and
- Proposal 2: the proposal to adjourn the Yuma special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal regarding the merger.

### **Recommendation of the Yuma Board of Directors**

The Yuma board of directors has unanimously (i) determined that the merger is fair to and in the best interests of Yuma and its stockholders, (ii) declared the merger agreement and the transactions contemplated thereby advisable, and (iii) approved the merger and the merger agreement (and the forms of exhibits thereto) and the transactions contemplated thereby.

**The Yuma board of directors unanimously recommends that Yuma stockholders vote:**

**“FOR” the proposal to approve the merger, the merger agreement and the transactions contemplated by the merger agreement; and**

**“FOR” any adjournment proposal.**

### **Record Date and Voting**

The Yuma board of directors has fixed the close of business on August 11, 2014 as the record date for determining the holders of shares of Yuma common stock and preferred stock entitled to receive notice of and to vote at the Yuma special meeting and any adjournments or postponements thereof. Only holders of record of shares of Yuma common stock and preferred stock at the close of business on that date will be entitled to vote at the Yuma special meeting and at any adjournment or postponement of that meeting. At the close of business on the record date, there were 57,493 shares of Yuma common stock outstanding, held by approximately 19 holders of record, and 36,723 shares of Yuma preferred stock outstanding, held by approximately 132 holders of record.

Each holder of shares of Yuma common stock and preferred stock outstanding on the record date will be entitled to one vote for each share held of record upon each matter properly submitted at the Yuma special meeting and at any adjournment or postponement thereof. In order for Yuma to satisfy its quorum requirements, the holders of at least a majority of the total number of outstanding shares of Yuma common stock and preferred stock entitled to vote at the meeting must be present. You will be deemed to be present if you attend the meeting or if you submit a proxy card (including through the mail) that is received at or prior to the meeting (and not revoked).

If your proxy card is properly executed and received by Yuma in time to be voted at the Yuma special meeting, the shares represented by your proxy card (including those given through the mail) will be voted in accordance with the instructions that you mark on your proxy card. If you execute your proxy but do not provide Yuma with any instructions, your shares will be voted “FOR” the proposals set forth in the notice of special meeting.

The only matters that we expect to be presented at the Yuma special meeting are set forth in the notice of special meeting. If any other matters properly come before the Yuma special meeting, the persons named in the proxy card will vote the shares represented by all properly executed proxies on such matters in their best judgment.

## Quorum

If you vote in person or by proxy at the Yuma special meeting, you will be counted for purposes of determining whether there is a quorum at the meeting. Shares of Yuma common stock and preferred stock present in person or by proxy at the Yuma special meeting that are entitled to vote will be counted for the purpose of determining whether there is a quorum for the transaction of business at the Yuma special meeting. The Yuma bylaws provide that a majority of the outstanding shares of Yuma common stock and preferred stock entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of its stockholders.

As of the record date:

Yuma directors and executive officers and their affiliates owned and were entitled to vote approximately 56,271 shares of Yuma common stock, representing approximately 97.8% of the outstanding shares of Yuma common stock approximately 471 shares of Yuma Series A preferred stock or approximately 2.8% of the outstanding Yuma Series A preferred stock, and approximately 1,909 shares of Yuma Series B preferred stock or approximately 9.4% of the outstanding Yuma Series B preferred stock;

Pyramid directors and executive officers and their affiliates did not own any shares of Yuma common stock or Yuma preferred stock; and

Sam L. Banks, James W. Christmas, Frank A. Lodzinski, Ben T. Morris, Richard K. Stoneburner, Richard W. Volk and certain of their affiliates have entered into a voting agreement with Pyramid pursuant to which these individuals have agreed, among other things, to vote all shares of Yuma common stock and preferred stock owned by each of them in favor of the transactions contemplated in the merger agreement and to grant an irrevocable proxy to Michael D. Herman or any other designee of Pyramid empowering him to vote all such shares of Yuma common stock and preferred stock at any meeting of Yuma stockholders called for the purpose of voting on the merger. As of August 11, 2014, these stockholders owned approximately 95.2% of the issued and outstanding common stock of Yuma, 2.8% of the outstanding Yuma Series A preferred stock and 9.4% of the outstanding Yuma Series B preferred stock.

Yuma currently expects that its executive officers will vote their shares of Yuma common stock and its directors will vote their shares of Yuma preferred stock "FOR" all proposals set forth in the notice of special meeting.

## Vote Required

***Adoption of merger agreement*** (Proposal 1). The affirmative vote of the holders of a majority of the outstanding shares of Yuma common stock and two-thirds or 66 % of the outstanding shares of Yuma Series A and Series B preferred stock, voting together but as a separate class, entitled to vote at the Yuma special meeting are required to approve and adopt the merger agreement. The required vote of Yuma stockholders on the merger agreement is based upon the number of outstanding shares of Yuma common stock and preferred stock entitled to vote at the Yuma special meeting, and not the number of shares that are actually voted. The failure to submit a proxy card by mail or in person at the Yuma special meeting of any Yuma stockholder or the abstention from voting by any Yuma stockholder, will have the same effect as a vote against the approval and adoption of the merger agreement by the Yuma stockholder.

***Approval of the adjournment of the Yuma special meeting*** (Proposal 2). The affirmative vote of a majority of the votes cast by holders of Yuma common stock and preferred stock voting together at the Yuma special meeting is required to approve the proposal to adjourn the Yuma special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Yuma special meeting to adopt the merger agreement. The required vote of holders of Yuma common stock and preferred stock to approve the proposal to adjourn the special meeting of Yuma stockholders, if necessary, to solicit additional proxies is based on the number of shares that are actually voted, not on the number of outstanding shares of Yuma common stock and preferred stock. The failure to submit a proxy card by mail or in person at the special meeting of Yuma stockholders or the abstention from voting by holders of Yuma common stock will have no effect on this proposal. In accordance with the Yuma bylaws, a vote to approve the proposal to adjourn the Yuma special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Yuma special meeting to adopt the merger agreement may be taken in the absence of a quorum. Yuma does not intend to call a vote on this proposal if Proposal 1 has been approved at the Yuma special meeting.

### **Revocability of Proxies**

The presence of a stockholder at the Yuma special meeting will not automatically revoke that stockholder's proxy. However, a stockholder may revoke a proxy at any time prior to its exercise by:

submitting a written revocation prior to the special meeting to Kirk F. Sprunger, Corporate Secretary, Yuma Energy, Inc., 1177 West Loop South, Suite 1825, Houston, Texas, 77090;

- submitting another proxy prior to the special meeting by mail that is dated later than the original proxy; or
- attending the Yuma special meeting and voting in person.

### **Voting by Mail**

Yuma stockholders of record may submit their proxy cards by mail with the postage-paid envelope provided.

### **Solicitation of Proxies**

In addition to solicitation by mail, directors, officers and employees of Yuma may solicit proxies for the special meeting from Yuma stockholders personally or by telephone and other electronic means without additional remuneration for soliciting such proxies. Yuma and Pyramid will equally share the expenses incurred in connection with the printing and mailing of this proxy statement/prospectus.

## **THE MERGER**

*The following is a description of the material aspects of the merger. While Pyramid and Yuma believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to Pyramid stockholders and Yuma stockholders. Pyramid and Yuma encourage Pyramid stockholders and Yuma stockholders to carefully read this entire proxy statement/prospectus, including the merger agreement attached to this proxy statement/prospectus as Annex A and incorporated herein by reference, for a more complete understanding of the merger.*

### **General**

The Pyramid board of directors and the Yuma board of directors each have approved the merger agreement, which provides for Merger Subsidiary, a wholly-owned subsidiary of Pyramid, to be merged with and into Yuma, with Yuma surviving this merger as a wholly owned subsidiary of Pyramid. We expect to complete the merger in the third quarter of 2014.

Each share of Pyramid common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Pyramid. Each share of Yuma common stock (including the shares of Yuma preferred stock converted into shares of Yuma common stock) expected to be issued and outstanding at the effective time of the merger will be converted into the right to receive 756.34 shares of Pyramid common stock, subject to adjustment if the Yuma board of directors grant restricted stock awards to employees between the date of this proxy statement/prospectus and the effective time of the merger and in the event of dissenting shares, other than issued and outstanding unvested shares of Yuma restricted common stock and Yuma restricted stock units issued to employees under the Yuma stock plan that will be assumed by Pyramid.

### **Background of the Merger**

Yuma's predecessor was established in 1983 and Yuma has operated as a privately-held independent oil and gas exploration, development and production company since 1996. It has financed its activities through a combination of internally generated funds and industry participations in projects that it has originated. In 2010, sensing growing opportunities in the U.S. oil and gas industry, management of Yuma began to explore various strategic avenues to increase the level of Yuma's activity and its oil and gas production, revenues and reserves.



Pyramid has been in the oil and gas business since 1909. Except for some minor interests in New York, Texas and Wyoming, its properties and operations are located in Kern and Santa Barbara Counties in California. However, it has only limited financial and other resources and therefore has not been able to expand its oil and gas operations, revenues, production or reserves or otherwise take advantage of emerging opportunities in the oil and gas industry.

Yuma placed approximately \$30.5 million (net of offering costs) of its preferred stock with accredited investors in 2011 and 2012. As part of the placements, Yuma undertook to create a liquidity event for its investors through (1) an initial public offering of its securities, (2) merging with an existing public company, (3) registering its preferred stock and underlying common stock, or (4) otherwise. In the fall of 2012, Alex Montano currently with ROTH, and Sam L. Banks, Chairman and Chief Executive Officer of Yuma, began discussing the advantages and disadvantages of Yuma becoming a reporting and trading company through a reverse merger with an existing public entity. In January 2013, Mr. Montano contacted Michael D. Herman, then Chairman and principal stockholder of Pyramid, to introduce Yuma and the reverse merger concept. Several telephonic discussions were held among Mr. Herman, Mr. Banks and Mr. Montano, again considering advantages and disadvantages of a possible merger transaction which culminated in an in-person meeting in Houston, Texas in April 2013. At the conclusion of the meeting the parties decided not to pursue a transaction.

During the past two years, Yuma had no relationship with ROTH other than as described herein and during the past two years there was no compensation agreement, plan, arrangement or understanding between ROTH and Yuma and there are none presently contemplated for the future.

During the past two years, Pyramid's only relationship and compensation arrangements with ROTH are as described herein and under "Opinion of ROTH Capital Partners to the Pyramid Board of Directors—General" beginning on page 58.

Beginning in early 2013, Yuma spent several months exploring reverse mergers with Australian companies and the placement and listing of its common stock on the Australian Stock Exchange. For various reasons, it became unclear whether the undertaking on a foreign stock exchange would meet the short term and long term objectives of Yuma, a U.S. company, and its U.S. stockholders.

In October of 2013, John H. Alexander, President and Chief Executive Officer and a Director of Pyramid, resigned his positions. Michael D. Herman, the then Chairman of Pyramid assumed the role as Interim President and Chief Executive Officer of Pyramid. Based upon the relative size of Pyramid and the capital requirements necessary to acquire or continue to develop its oil properties, the Pyramid board of directors determined to consider options to enhance stockholder value. This was not a formal process, but an informal approach to evaluation of options. Maintaining the status quo was not deemed to be in the best long term interests of Pyramid stockholders. Therefore, over the following months, Mr. Herman had conversations with ROTH about possible joint ventures, business combinations and mergers. Based upon the conversations with Mr. Herman, ROTH made an introduction to Yuma and arranged meetings between both companies. The Pyramid board of directors determined this to be the best option for Pyramid stockholders based in part on the operating history of Yuma, its current portfolio of oil and gas properties, its current reserve base and production, and the quality of Yuma's management team and board of directors.

November 5, 2013. During a visit to Houston, representatives of ROTH visited the offices of Yuma. During the course of the meeting, ROTH suggested that it might be timely to revisit a possible merger with Pyramid since John H. Alexander, the long time President, Chief Executive Officer and director of Pyramid had resigned from such positions as of September 30, 2013, and Pyramid was operating with an Interim President and Chief Executive Officer, Mr. Herman. Subsequently, Mr. Banks contacted Mr. Herman to see if there was an interest on the part of Pyramid to resume discussions regarding a merger of the two companies.

After an expression of interest by Mr. Herman in Mr. Bank's overture, the following occurred and is a chronological discussion of events leading up to the filing of a Registration Statement on Form S-4 of which this proxy statement/prospectus is a part. In almost all discussions including the December 23, 2013 conference call summarized below, Pyramid was represented by its Chairman and Interim President and Chief Executive Officer, Michael D. Herman and Richard D. Kasch, a director, and advised by its counsel TroyGould PC; Yuma was represented by its Chairman and Chief Executive Officer, Sam L. Banks, James J. Jacobs, Vice President Corporate and Business Development and Kirk F. Springer, Chief Financial Officer, Treasurer and Corporate Secretary. Yuma was advised by its counsel Jones & Keller, P.C. ROTH was not formally engaged by Pyramid until December 20, 2013. Prior to this engagement, ROTH was the primary driver of the concept of a business combination between Yuma and Pyramid. ROTH's efforts included arranging for meetings, facilitating the exchange of information and providing discussion points orally for the merits of such a transaction to each party. Once the decision was made to proceed with the transaction, Pyramid engaged ROTH as its exclusive financial advisor.

November 11, 2013. Messrs. Banks and Herman called Mr. Montano of ROTH to inform him that both Yuma and Pyramid had renewed interest in pursuing a combination of the two companies and asked ROTH if it could advise Pyramid as to the course of action to be taken.

November 18, 2013. ROTH contacted Yuma and Pyramid and informed them that it would review information on both companies and discuss, at a high level, the substantive and procedural aspects of a possible combination of the two companies.

November 22, 2013 through November 26, 2013. Yuma began to assemble information leading to a corporate presentation it had indicated it would make available to ROTH and Pyramid's management and board in their analyses of Yuma, its business operations, financial condition and future prospects. Several emails requesting and providing information were exchanged by Yuma and ROTH. Yuma completed its 38 page corporate presentation dated November 2013 and forwarded a copy to ROTH for its use in advising Pyramid. The corporate presentation described Yuma's oil and gas business, primarily its key producing oil and gas properties, acreage positions, financial position and management backgrounds. The presentation did not mention Pyramid or the proposed merger; hence, it did not contain any opinions or appraisals of relative values. Yuma also provided ROTH with interim summary reserve information as of July 31, 2013 and Yuma's audited historical financial information.

December 3, 2013. As part of the ongoing information process mentioned above, Yuma provided ROTH, an Independent Technical Expert's Report prepared by Netherland, Sewell & Associates, Inc. ("NSAI") which estimated reserves and future revenue as of July 31, 2013 relating to certain of Yuma's oil and gas properties located in Louisiana, North Dakota, Oklahoma and Texas.

December 4, 2013 through December 11, 2013. ROTH prepared a valuation analysis of Yuma based in part on certain information provided by Yuma including, audited financial statements, third-party reserve reports and the corporate presentation referred to above, encompassing its corporate history, management and board of directors, existing properties and an asset summary. ROTH requested that Yuma review the information contained in the analysis to address any errors or inconsistencies. ROTH made revisions in its valuations and then sent a complete presentation to Mr. Herman including its estimated value of Yuma and the potential impact a combination with Yuma might have on Pyramid. The valuation included data provided by the management team of Yuma. The revisions made were primarily based on the Pyramid closing stock price for each day, which affected the valuation. ROTH reviewed its presentation with Mr. Herman who determined to call a special meeting of Pyramid's board of directors to begin to consider a merger with Yuma.

December 12, 2013. A conference call was held between Pyramid's board of directors and representatives of ROTH to review ROTH's presentation. During the course of the conversation, ROTH discussed a wide range of options available to accomplish a business combination. As part of these conversations, ROTH was asked by Mr. Herman to suggest relative valuations of both Pyramid and Yuma. ROTH advised the board as to how it viewed the proposed value for Yuma and the resultant valuation for Pyramid. ROTH's presentation included an analysis of each of Yuma and Pyramid as a stand-alone entity and then as a combined company together with the relative values of Yuma and Pyramid contributed thereto. During this presentation, ROTH explained the manner in which it valued Yuma, including its inferred values based upon:

1. Oil and Gas Reserves
2. Net Asset Value
3. Mergers and Acquisitions Comparable Transactions
4. Comparable Public Companies

Likewise, ROTH applied the same manner of value to Pyramid, (utilizing appropriate comparable transactions and companies) to suggest a range of value for Pyramid. Based upon these separate analyses, ROTH then discussed the relative contribution by each of Yuma and Pyramid to a combined company based primarily on:

1. Oil and Natural Gas Reserves
2. Current Production
3. Net Asset Value

In addition, ROTH provided to the board of Pyramid an analysis taking into consideration the premium paid by acquirers in recent transactions that ROTH believed were comparable to a Yuma/Pyramid combination. Based upon this analysis, ROTH suggested that should Pyramid command a similar premium, that it should be based upon the relative contributions of value to a combined company, Pyramid should retain 7% ownership on a post-merger basis.

In addition, ROTH provided an analysis on how a combined company would compare to certain publicly traded companies that ROTH believed were comparable to the combined company. In particular, based upon the board's familiarity with Synergy Resources Corporation, ROTH conducted a side-by-side comparison to Synergy Resources Corporation taking into consideration, current rates of production, reserve volumes, net present value and projected EBITDA for 2013 and 2014.

Based upon this analysis, ROTH recommended that Pyramid tentatively propose the acquisition of Yuma based upon a 93/7 equity split with 7% being allocated to Pyramid. It was agreed that in the event the parties moved forward with a transaction, Pyramid would engage ROTH as its financial advisor. The Pyramid board then instructed ROTH and management to arrange a meeting with representatives from Yuma to discuss this proposal. This valuation analysis along with the analysis prepared earlier by ROTH was relied upon primarily by the Pyramid board in its decisions regarding the valuation used for the merger.

December 13, 2013. ROTH contacted Yuma and Pyramid, and arranged a meeting to be held between the two companies' management teams on December 18, 2013 in Denver, Colorado. Yuma also provided a form of confidentiality agreement to ROTH for Pyramid's review.

December 17, 2013. ROTH returned the confidentiality agreement reflecting Pyramid's comments to Yuma for its consideration and it was signed on December 27, 2013.

December 18, 2013. Mr. Banks and James J. Jacobs, Yuma's Vice President of Corporate and Business Development, traveled to Denver, Colorado to meet with Mr. Herman and Rick D. Kasch, a member of Pyramid's board of directors, and Mr. Montano. ROTH began the meeting with a discussion of various aspects of a potential business combination of Yuma and Pyramid, including its determination that an appropriate business combination would result in a 93/7 post ownership structure, as discussed on the December 12th conference call between ROTH and Pyramid's board of directors. Thereafter, the meeting continued with the representatives of each company gathering information and asking specific questions about the other company's business, assets, financial condition and future prospects and general questions about the other company's future plans, motivations and interest in pursuing a combination of the two companies. At the outset, both parties agreed that this should be an all-stock transaction that would most closely align the interest of the respective stockholders and provide them with future upside potential. A cash purchase by Yuma of Pyramid assets would not achieve the longer range strategies of either company. Furthermore, given the anticipated capital requirements to continue to develop the oil and gas assets of Yuma, it was agreed that all available cash should be utilized for asset development.

Discussions of the foregoing and Yuma's near and long-term strategy ensued and included:

· Yuma's future plans for acreage, asset and/or company acquisitions;

· a more detailed examination of the key aspects of future targeted areas for Yuma's growth, including oil/liquids bias, conventional/unconventional prospects and geographic areas of focus;

a more detailed examination of Yuma's processes for identifying areas to lease within new prospective plays, including the geologic, geophysical and technical information and processes underlying its target areas;

· Yuma's plans to finance its acquisition strategy and growth;

· the status and nature of any acquisition discussions Yuma has had with other companies and industry partners;

· details of Yuma's management, technical and operational staff and information regarding their ability to execute Yuma's strategy;

· Yuma's expectations regarding the effect that the mergers and acquisitions market and commodity prices might have on its strategy;

· information regarding Yuma's current liquidity and near-term capital plans and financing strategies;

· further details regarding the process and timing of a possible transaction between the companies; and

· information regarding the current ownership structure of Yuma as between common and preferred stockholders.

December 19, 2013. Yuma management advised its board of directors that Mr. Banks and Mr. Jacobs had business combination discussions with Pyramid and requested authorization to make or accept an offer to Pyramid looking to merge the two companies. After Messrs. Banks and Jacobs provided their summaries and assessment of the discussions with Mr. Herman and ROTH, including the proposed 93/7 post-transaction ownership split, valuation of ROTH and Yuma's own internal analysis of value (upon which Yuma management used primarily in its decisions regarding valuation for the merger), the Yuma board expressed its interest in the benefits that a combination with Pyramid might bring to Yuma and its stockholders. These benefits primarily included advantages that might accrue as a result of Yuma's assuming Pyramid's role as a fully reporting SEC company with securities listed on a national stock exchange. Yuma's board of directors unanimously agreed that management should pursue the opportunity with Pyramid management and ROTH. In accordance with the board's instructions later the same day Yuma sent a proposal to Pyramid in-line with the ROTH presentation suggesting a combination of the two companies with a post-transaction ownership of 93% and 7% as between Yuma stockholders and Pyramid stockholders, respectively.

December 20, 2013. Pyramid formally engaged ROTH for the purposes of serving as its exclusive advisor in connection with, among other possible transactions (i) any merger, consolidation, reorganization or other business combination, or (ii) acquisition of assets, acquisition of stock, sale, transfer or other disposition of all or a significant portion of the capital stock or assets of Pyramid, tender or exchange offer, leveraged buyout, joint venture formation or partnership, or any other business disposition.

December 23, 2013. A board meeting was held by Pyramid to discuss the December 18th meeting in Denver. A representative of ROTH was present at the meeting and responded to questions from the Pyramid board of directors. Next steps were discussed and the board authorized management and its representatives to undertake the necessary steps towards concluding a form of business combination with Yuma. Pyramid's board of directors considered and ultimately determined that a special committee of its board of directors to negotiate and oversee the transaction on behalf of the entire board was not necessary or warranted under the circumstances. In reaching its determination, the board considered that Mr. Herman had no current intention of entering into an employment agreement or remaining employed with Pyramid beyond any reasonable transition period after the merger and that he was by far the largest holder of Pyramid common stock, which directly aligned his interests with other stockholders. Also, Mr. Herman had no change-in-control or similar payment that would be triggered by the merger. Moreover, substantial business and financial experience and unique perspectives of each member of Pyramid's board coupled with the active involvement of each of the independent members of the board supported the decision not to form a special committee of the board.

December 23, 2013. After a favorable indication of interest from Pyramid, a conference call was held among Yuma, Pyramid and ROTH to discuss the next steps to be taken. All agreed that a non-binding term sheet should be prepared by counsel so that both companies and ROTH would have a clear understanding of the basic structure, terms and conditions of the proposed transaction. Counsel for each company was contacted and work on the term sheet was commenced.

December 26, 2013. Counsel to Pyramid forwarded the first draft of a preliminary non-binding term sheet. Among other things, the term sheet set forth: (i) the proposed structure of the transaction (a reverse triangular merger); (ii) an exclusivity or non-solicitation period until January 31, 2014 at which time the term sheet would expire unless a definitive, contractually binding, agreement had been reached; and (iii) conditions to the closing of any such transaction. The term sheet was signed on December 27, 2013.

December 28, 2013 through February 4, 2014. Management teams of Yuma and Pyramid, counsel to Yuma and counsel to Pyramid, began the process of negotiating the merger agreement, including the mutual representations and warranties of the companies, covenants and conditions to closing, non-solicitation provisions and exceptions, fiduciary outs for alternative and superior proposals, and termination fees and expenses. Also during this period, management of Pyramid and Yuma exchanged due diligence checklists and continued their analyses of each other's business, assets, financial condition and future prospects, which process had begun in preceding weeks. ROTH assisted in these activities giving both parties insight into market customs and practices in transactions of the same general nature or contemplated by Yuma and Pyramid. Many drafts of the merger agreement were exchanged, revised, again exchanged until a near final draft was agreed to by management of Pyramid, its counsel, and management of Yuma and its counsel. The drafts reflected the addition of information which was being provided by the parties, a provision for reincorporation of Pyramid from California to Delaware (which was later abandoned), the treatment of stock options and restricted stock awards, treatment of dissenting shares of Yuma, procedure for the exchange of shares, the nature and extent of representations and warranties of both companies and the amount of "fiduciary out" breakup fees. These drafts resulted in a near final draft which became the final draft of the merger agreement as included in this proxy statement/prospectus as Annex A.

January 7, 2014 through January 9, 2014. Members of Yuma's management team held due diligence meetings in Pyramid's Bakersfield offices.

January 27, 2014 through January 29, 2014. Members of Yuma's management team held additional due diligence meetings in Pyramid's Bakersfield offices.

February 1, 2014 and February 3, 2014. The board of directors of Pyramid met telephonically with counsel to discuss terms and conditions of the draft merger agreement and related issues for the board to consider. The board also met telephonically with Pyramid's independent auditor, SingerLewak LLP, to discuss financial statement and related matters concerning the proposed merger.

February 4, 2014. The board of directors of Yuma met telephonically with management and counsel. At the meeting, management of Yuma provided an overview of the transaction process and timing; Yuma's management and counsel provided a comprehensive report on diligence activities and findings; and Yuma's counsel provided a status report on the final negotiations of significant terms of the draft merger agreement. The Yuma board of directors then considered and unanimously approved the proposed combination with Pyramid on the terms and conditions set forth in the final draft of the merger agreement. Management was authorized to execute the merger agreement and the related voting agreement and take all actions necessary to carry out its terms and conditions of both agreements.

February 4, 2014. Pyramid's board of directors met telephonically with counsel and representatives of ROTH to engage in further discussions regarding the proposed transaction structure with Yuma and associated issues. All directors were present. The terms of the merger agreement draft of February 3, 2014 were discussed including



treatment of stock options of Pyramid, tax treatment of the merger consideration, procedures for the exchange of shares, the desire of Yuma to have Pyramid reincorporated from California to Delaware, representations, warranties and conditions in the merger agreement, the “fiduciary out” section of the merger agreement, and Pyramid’s and Yuma’s conduct of activities prior to closing of the merger. Counsel to Pyramid provided an overview of the proposed merger transaction and process for the Pyramid board to consider the reincorporation which was later abandoned, the merger and the merger agreement.

Pyramid’s board of directors also received ROTH’s financial analyses of the proposed transaction. ROTH provided a written presentation relating to its proposed fairness opinion, which presentation included an overview of Pyramid and Yuma, and each method of valuation analysis utilized by ROTH, as well as financial analyses of both companies. More information regarding ROTH’s financial analyses and fairness opinion is set forth herein under “The Merger—Opinion of ROTH Capital Partners to the Pyramid Board of Directors.” ROTH delivered its oral opinion that the exchange ratio of the merger was fair to Pyramid and its stockholders, from a financial point of view, and ROTH stated that its written opinion, confirming its oral opinion, which was based on and subject to various assumptions made, procedures followed and matters considered in connection with such opinion, would be forthcoming on February 5, 2014.

Thereafter the Pyramid board of directors unanimously: (i) approved the merger, the merger agreement and each of the transactions contemplated therein which include, among other things, the reincorporation from California to Delaware (which was later abandoned), approval of the issuance of shares to Yuma stockholders and the change of name of the combined entity to “Yuma Energy, Inc.”; (ii) authorized management to execute the merger agreement in substantially the form presented to the Pyramid board and the related voting agreement and take all actions necessary to carry out its terms and conditions of both agreements; and (iii) recommended that the merger agreement be submitted to Pyramid stockholders for approval in accordance with the terms of the merger agreement.

February 6, 2014. Pyramid and Yuma issued a joint press release announcing the proposed merger and Pyramid filed a Current Report on Form 8-K with the SEC regarding the execution of the merger agreement.

Late July 2014. During late July, Pyramid and Yuma negotiated the form of the amended and restated agreement and plan of merger and reorganization. Under the new structure a proposed reincorporation of Pyramid from California to Delaware was eliminated. The economics of the transaction remained the same.

August 1, 2014. The Yuma board of directors unanimously approved the amended and restated agreement and plan of merger and reorganization and the amended and restated voting agreements. Also on August 1, 2014, Pyramid's board of directors met telephonically with counsel and representatives of ROTH to engage in discussions regarding the new proposed transaction structure with Yuma and associated issues. All directors were present. The terms of the amended and restated agreement and plan of merger and reorganization draft of July 31, 2014 were discussed, including the amendments to the restated articles of incorporation of Pyramid. Counsel to Pyramid provided an overview of the revised merger transaction and process for the Pyramid board to consider the merger and the amended and restated agreement and plan of merger and reorganization.

Thereafter the Pyramid board of directors unanimously: (i) approved the merger, the amended and restated agreement and plan of merger and reorganization and each of the transactions contemplated therein which include, among other things, approval of the issuance of shares to Yuma stockholders and approval of the Pyramid restated articles of incorporation; (ii) authorized management to execute the merger agreement in substantially the form presented to the Pyramid board and the related voting agreement and take all actions necessary to carry out its terms and conditions of both agreements; and (iii) recommended that the merger agreement be submitted to Pyramid stockholders for approval in accordance with the terms of the merger agreement.

### **Recommendation of Pyramid's Board of Directors and Reasons for the Merger**

Pyramid's board of directors has determined that the merger is fair to, and in the best interests of, Pyramid and its stockholders. In deciding to approve the merger agreement and to recommend that Pyramid's stockholders vote to approve the issuance of shares of Pyramid common stock in connection with the merger, Pyramid's board of directors consulted with Pyramid's management and legal and financial advisors and considered a variety of factors, including the following material factors:

the combination will greatly diversify Pyramid's oil and gas operations which are presently concentrated in a small area in California;

the combination will increase estimated proved reserves;

the combined entity's market capitalization and its expected enhanced access to debt and equity capital markets, which the Pyramid board of directors believes will enhance the ability to finance development and production of the

combined entity's increased scale of operations;

the merger will provide Pyramid with participation in a larger portfolio of exploitation and exploration opportunities in liquids prone resource plays within areas targeted by Yuma;

the merger will create a larger company that is expected to have more liquidity in its common stock and better access to capital markets, which should provide greater financial flexibility;

the merger agreement generally prohibits Pyramid, its management employees, directors and advisors from taking any action to seek or solicit an alternative transaction or takeover proposal and from recommending, participating in discussions regarding or furnishing information with respect to an alternative takeover proposal, except in each case in limited circumstances, which permit the members of the Pyramid board to comply with their fiduciary duties; and

in the event that the merger is not consummated, the failed transaction costs, including costs of potential litigation, arising from the failed merger agreement, will be significant to a company the size of Pyramid.

Pyramid's board of directors considered other information and a number of additional factors in reaching its decision including:

information concerning the financial condition, results of operations, prospects and businesses of Pyramid and Yuma, including the respective companies' reserves, production volumes, cash flows from operations, performance of common stock of Pyramid's common stock price over various periods, as well as current industry, economic and market conditions;

the results of business, legal and financial due diligence investigations of Yuma conducted by Pyramid's management and its legal and financial advisors;

the presentation and opinion of ROTH to the effect that, as of the date of the opinion and based on the assumptions, limitations, qualifications and conditions stated in the opinion letter, from a financial point of view, the merger exchange ratio is fair to Pyramid and its stockholders, from a financial point of view;

the provisions that allow Pyramid to engage in negotiations with, and provide information to, third parties in response to unsolicited, bona fide, written acquisition proposals from such third parties that may be superior to the Yuma proposed merger; and

unless an alternative superior merger proposal received from a third party is matched by Yuma, the merger agreement allows Pyramid to terminate the merger agreement prior to the receipt of Pyramid's stockholder approval of the merger and to enter into a written agreement with a third party to effectuate a superior proposal.

Pyramid's board of directors also considered a variety of risks and other potentially negative factors concerning the merger and the transactions contemplated by the merger agreement, including:

because Pyramid will be issuing a large number of new shares of common stock to Yuma's stockholders in the merger, each outstanding share of Pyramid common stock immediately prior to the merger will represent a much smaller percentage of Pyramid's total shares of common stock after the merger;

- if oil or gas prices decrease, the combined assets will be less desirable from a financial point of view;

there are significant risks inherent in combining and integrating two companies, including that the companies may not be integrated successfully and that successful integration of the companies will require the dedication of management resources, which will temporarily detract attention from the day-to-day businesses of the combined company;

the capital requirements necessary to achieve the expected growth of the combined company's businesses will be significant, and there can be no assurance that the combined company will be able to fund all of its capital requirements from operating cash flows;

the merger might not be completed as a result of a failure to satisfy the conditions contained in the merger agreement. Neither Pyramid nor Yuma is obligated to consummate the merger unless the conditions in the merger agreement are satisfied or, in some cases, waived; and

· other matters described under the caption "Risk Factors" beginning on page 24.

This discussion of the information and factors considered by Pyramid's board of directors in reaching its conclusions and recommendations includes all of the material factors considered by the board but is not intended to be exhaustive. In view of the wide variety of factors considered by Pyramid's board of directors in evaluating the merger agreement and the transactions contemplated by it, including the merger, and the complexity of these matters, Pyramid's board of directors did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weight to those factors. In addition, different members of Pyramid's board of directors may have given different weight to different factors.

It should be noted that this explanation of the reasoning of Pyramid's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 7 of this proxy statement/prospectus.

***Recommendation of the Pyramid Board of Directors***

Pyramid's board of directors determined that the merger, the merger agreement and the other transactions contemplated in the merger agreement are fair to, and in the best interests of Pyramid and its stockholders. Accordingly, the Pyramid board of directors unanimously adopted resolutions (i) determining that the merger agreement and the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are fair to, advisable and in the best interests of Pyramid and its stockholders, (ii) approving and adopting the merger agreement and approving the merger and the other transactions contemplated by the merger agreement, (iii) directing that the merger agreement be submitted to a vote of the Pyramid stockholders at the Pyramid special meeting and (iv) recommending that the Pyramid stockholders vote "FOR" the approval and adoption of the merger agreement.

