

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

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 10, 2014

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

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 10, 2014

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, and you may obtain certain of these documents at Pyramid’s website, 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.

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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

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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, A: (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 additfont-size:10.0pt;">Joint Filing Agreement dated February 12, 2010 by and between Cornelius B. Prior, Jr., Gertrude J. Prior and the Cornelius B. Prior, Jr. 2004 Grantor Retained Annuity Trust.