

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2005-05-02** | Period of Report: **2005-05-02**  
SEC Accession No. [0001010549-05-000297](#)

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### FILER

#### **BLUE DOLPHIN ENERGY CO**

CIK: **793306** | IRS No.: **731268729** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-15905** | Film No.: **05791221**  
SIC: **1311** Crude petroleum & natural gas

#### Mailing Address

11 GREENWAY PLAZA SUITE  
1606  
HOUSTON TX 77046

#### Business Address

801 TRAVIS SUITE 2100  
HOUSTON TX 77002-5729  
713227660

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report: (Date of earliest event reported):  
May 2, 2005 (April 29, 2005)

Blue Dolphin Energy Company  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

0-15905  
(Commission file Number)

73-1268729  
(IRS Employer  
Identification No.)

801 Travis, Suite 2100  
Houston, Texas 77002  
(Address of Registrant's principal executive offices)

(713) 227-7660  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Blue Dolphin Energy Company (the "Company") has entered into Note Modification Agreements and Waiver Agreements with certain Investors (the "Investors"). The Investors hold promissory notes in an aggregate principal amount of \$175,000 and were issued warrants exercisable to acquire 666,672 shares of the Company's common stock, pursuant to the Note and Warrant Purchase Agreement dated September 8, 2004 (the "Purchase Agreement"). The promissory notes bear interest at 12% per annum of which 4% is payable monthly and 8% is payable at maturity.

Pursuant to the terms of the Note Modification and Waiver Agreements, the Company and the Investors agreed as follows:

- o To amend the terms of the promissory notes to (i) extend the maturity date from September 8, 2005 to June 30, 2006 and (ii) defer the payment of all interest on the promissory notes until maturity,
- o To waive the Investors' compliance with the lock-up provisions of the Purchase Agreement and allow them to sell shares of the Company's common stock that they may receive upon exercise of the warrants, and
- o To accelerate the date the Company is required to file a registration statement registering the resale of the shares of the Company's common stock that the Investors may acquire upon exercise of warrants to May 15, 2005.

Including the above, the Company has now extended the maturity of \$450,000 principal amount of promissory notes that were due on September 8, 2005 to June 30, 2006. The remaining \$300,000 principal amount of promissory notes, issued in September 2004, are due September 8, 2005.

The Company issued a press release announcing its entry into the Note Modification Agreements and Waiver Agreements on April 29, 2005, a copy of which is filed as Exhibit 99.1 hereto and is incorporated by reference herein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

- 10.1 Form of Note Modification Agreement
- 10.2 Form of Waiver Agreement

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 2, 2005.

BLUE DOLPHIN ENERGY COMPANY

/s/ G. Brian Lloyd

-----  
By: G. Brian Lloyd  
Vice President, Treasurer

INDEX TO EXHIBITS

Exhibit	Description of Exhibit
10.1	Form of Note Modification Agreement
10.2	Form of Waiver Agreement
99.1	Press Release dated April 29, 2005.

EXHIBIT 10.1

FORM OF NOTE MODIFICATION AGREEMENT

This Note Modification Agreement (this "Modification") by and between BLUE DOLPHIN ENERGY COMPANY (the "Borrower") and \_\_\_\_\_ (the "Lender") is entered into on the \_\_\_\_ day of April 2005.

RECITALS:

A. Borrower executed that certain Promissory Note dated September 8, 2004, payable to the order of Lender, in the face amount of \$ \_\_\_\_\_ (the "Note"), a copy of which is attached hereto as Exhibit A.

B. Pursuant to Section 3(c) of the Note, the Maturity Date under the Note was extended to the Extended Maturity Date.

C. Borrower and Lender have agreed to amend certain terms of the Note.

D. Borrower and Lender desire to acknowledge and document the amendments to the Note subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the promises herein contained, the mutual benefits to be derived herefrom and other good and valuable consideration received by each party, and each intending to be legally bound hereby, the parties agree as follows:

1. Specific Amendments to Note.

A. The following definitions are hereby amended in their entirety to read as follows:

Base Rate means, from day-to-day, an annual rate of interest equal to the lesser of (a) 12.0% and (b) the Maximum Rate.

Maturity Date means the earlier to occur of (a) June 30, 2006, and (b) the date upon which the Obligation has been accelerated pursuant to Section 11 below.

B. The following definition is hereby added to the Note:

Modification means that certain Note Modification Agreement dated April \_\_\_\_, 2005 between Borrower and Lender.

C. The definition of Extended Maturity Date as set forth in the Note is hereby deleted therefrom for all purposes from and after the date of this Modification.

D. Section 3(b) is hereby amended in its entirety to read as follows:

(b) So long as no Default exists on any interest payment date, from the date of the Modification until the Maturity Date, interest due under this Note that has accrued during such period shall not be payable on such interest payment date, but shall continue to accrue on a daily basis and

shall be due and payable on the Maturity Date; provided that, all accrued but unpaid interest under this Note shall be due and payable on any interest payment if a Default exists on any such interest payment date. The outstanding Principal Debt plus all accrued and unpaid interest on this Note and all other Obligations shall be due and payable on the Maturity Date.

2. General Amendments to Loan Documents. The Loan Documents shall continue in force and effect to secure the obligations of Borrower pursuant to the Note, and any reference to the descriptions of the obligations, indebtedness or liabilities of Borrower secured by any such Loan Documents shall be deemed to refer to the obligations of Borrower pursuant to the Note, as hereby amended. This Modification modifies the Note and the other Loan Documents but in no way acts as a release or relinquishment of the liens securing payment of the Note, including without limitation the liens and security interests created by the Mortgage, and such liens and security interests are hereby renewed, extended, ratified, confirmed and carried forward by Borrower in all respects.

3. Conditions Precedent in Connection with the Modification. This Modification shall not become effective unless and until the following conditions have been satisfied:

A. Receipt of Modification. Lender shall have received multiple counterparts of this Note Modification Agreement, as requested by Lender, duly executed by an authorized officer of Borrower.

B. Payment of Legal Fees. Lender shall have paid to Porter & Hedges, L.L.P. all reasonable legal fees incurred to such firm in connection with this Modification.

C. Legal Matters Satisfactory to Lender. All legal matters incident to the consummation of the transactions contemplated by this Modification shall be satisfactory to the Lender.

4. Reaffirmation of Representations and Warranties.

A. To induce the Lender to enter into this Modification, Borrower hereby represents and warrants to Lender as follows:

i. The execution and delivery of this Modification and the performance by the Borrower of its obligations under this

Modification (i) are within Borrower's corporate power, (ii) have been duly authorized by all necessary corporate action, (iii) have been authorized by all necessary governmental approval (if any shall be required), and (iv) do not and will not contravene or conflict with any provision of law or of the articles of incorporation or the bylaws of Borrower or of any agreement binding upon Borrower.

ii. This Modification represents the legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with its terms subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

iii. Since the original date of the Note, no change, event or state of affairs has occurred and is continuing which would constitute a Default or solely by the passage of time or the giving of notice would constitute a Default.

B. To induce the Borrower to enter into this Modification, Lender hereby represents and warrants to Borrower as follows:

i. Each and every document which evidences or secures payment of the Note represents the valid, enforceable and collectible obligation to Borrower.

ii. There are no existing claims, defenses or rights of setoff with respect to any of the documents evidencing or securing payment of the Note.

iii. Since the original date of the Note, no change, event or state of affairs has occurred and is continuing which would constitute a Default or solely by the passage of time or the giving of notice would constitute a Default.

5. Reaffirmation of Note. This Modification shall be deemed to be an amendment to the Note, and the Note, as amended hereby, is hereby ratified, adopted and confirmed in each and every respect.

6. Defined Terms. Each capitalized term used herein, but not defined herein, shall have the meaning given to it in the Note.

7. Governing Law. THIS MODIFICATION SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. This Modification has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas. Courts within the State of Texas shall have jurisdiction over any and all

disputes between the Borrower and the Lender, whether in law or equity, including, but not limited to, any and all disputes arising out of or relating to this Modification or any other Loan Documents; and venue in any such dispute whether in federal or state court shall be laid in Harris County, Texas.

8. Severability. Whenever possible each provision of this Modification shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Modification shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Modification.

9. Execution in Counterparts. This Modification may be executed in any number of counterparts and by the different parties on separate counterparts on different dates, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement.

10. Section Captions. Section captions used in this Modification are for convenience of reference only, and shall not affect the construction of this Modification.

11. Successors and Assigns. This Modification shall be binding upon the Borrower, the Lender and its respective successors and assigns, and shall inure to the benefit of the Borrower, the Lender and the respective successors and assigns of the Lender.

12. Non-Application of Chapter 346 of Texas Finance Code. The provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving loan

accounts and revolving tri-party accounts) are specifically declared by the parties hereto not to be applicable to this Modification or any of the other Loan Documents or to the transactions contemplated hereby.

13. NOTICE OF FINAL AGREEMENT. THE WRITTEN NOTE AND LOAN DOCUMENTS, AS HEREBY AMENDED, REPRESENT THE FINAL AGREEMENT AMONG THE LENDER AND BORROWER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

BORROWER:

BLUE DOLPHIN ENERGY COMPANY,  
a Delaware corporation

By: \_\_\_\_\_  
Michael J. Jacobson  
President

LENDER:

INVESTORS,

By:

By: \_\_\_\_\_

EXHIBIT 10.2

FORM OF WAIVER AGREEMENT

THIS WAIVER AGREEMENT is entered into by Blue Dolphin Energy Company, a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Investor") Certain capitalized terms not defined herein have the meanings assigned to them in the Purchase Agreement (as defined below).

RECITALS:

In Section 5.10 of Article 5 of the Note and Warrant Purchase Agreement dated September 8, 2004 (the "Purchase Agreement") between the Company and certain investors, each investor, including the Investor, agreed that, during the nine (9) month period following the Additional Closing Date, it will not sell, transfer or assign any of the Warrants or the Warrant Shares without the prior written consent of the Company.

The Investor has requested that the Company waive compliance with Section 5.10 of the Purchase Agreement.

Concurrently herewith the Company and the Investor are entering into the Note Modification Agreement (as defined below).

NOW, THEREFORE, in consideration of the promises herein contained, the mutual benefits to be derived herefrom and other good and valuable consideration received by each party, and each intending to be legally bound hereby, the Company and the Investor hereby agree as follows:

The Company waives any further compliance by the Investor with Section 5.10 of the Purchase Agreement.

The Company agrees to use its commercially reasonable best efforts to (i) file a registration statement on Form S-3 or such other form that the Company is then eligible to use (the "Registration Statement") by May 15, 2005 registering the resale of the Warrant Shares beneficially owned by the Investor and (ii) cause such Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable thereafter.

Concurrently with the execution of this Waiver Agreement, the Investor agrees to enter into that certain Note Modification Agreement of even date herewith, between the Company and the Investor (the "Note Modification Agreement").

Except as modified by this Agreement all other obligations of the Investor and the Company pursuant to the Purchase Agreement remain in full force

and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement which may be executed in multiple counterparts, to be executed by their duly authorized representatives, all as of the \_\_\_\_ day of April, 2005.

THE COMPANY:  
BLUE DOLPHIN ENERGY COMPANY

By: \_\_\_\_\_  
Name: Michael J. Jacobson  
Title: President

THE INVESTOR:

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT 99.1

BLUE DOLPHIN ENERGY COMPANY

NEWS RELEASE  
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FOR IMMEDIATE RELEASE

April 29, 2005

Houston, Texas - Blue Dolphin Energy Company (NASDAQ Symbol: BDCO)

BLUE DOLPHIN ENERGY COMPANY REPORTS DEBT RESTRUCTURING

Blue Dolphin Energy Company ("Company") announced that it has entered into additional Note Modification Agreements and Waiver Agreements with certain investors (the "Investors"). The Investors hold promissory notes in the principal amount of \$175,000 and were issued warrants exercisable to acquire 666,672 shares of the Company's common stock, pursuant to the Note and Warrant Purchase Agreement dated September 8, 2004. The promissory notes bear interest at 12% per annum of which 4% is payable monthly and 8% is payable at maturity.

Pursuant to the terms of the Note Modification and Waiver Agreements, the Company and the Investors agreed as follows:

- o To extend the maturity date of the Investor's promissory notes from September 8, 2005 to June 30, 2006,
- o To defer the payment of all interest on the promissory notes until maturity,
- o To allow the Investors to sell shares of the Company's common stock that they may receive or have received upon exercise of the warrants prior to the expiration of their lock-up period on August 31, 2005, and
- o To accelerate the date the Company is required to file a registration statement registering the resale of the shares of the Company's common stock that the Investors may acquire upon exercise of warrants to May 15, 2005.

Including the above, the Company has now extended the maturity of \$450,000 principal amount of promissory notes that were due on September 8, 2005 to June 30, 2006. The remaining \$300,000 principal amount of promissory notes, issued in September 2004, are due September 8, 2005.

Blue Dolphin Energy Company is engaged in the gathering and transportation of

natural gas and condensate. Questions should be directed to G. Brian Lloyd, Vice President, Treasurer, at the Company's offices in Houston, Texas, 713-227-7660. For further information see our Home Page at <http://www.blue-dolphin.com>.

Certain of the statements included in this press release, which express a belief, expectation or intention, are "forward-looking" statements as that term is defined in the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The words "expect", "plan", "believe", "anticipate", "project", "estimate", and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance or events and such statements involve a number of risks, uncertainties and assumptions, general economic conditions, interest rates, and other factors. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual results and outcomes may differ materially from those indicated in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.