

TENGASCO INC
Form S-1/A
December 22, 2016

As filed with the Securities and Exchange Commission on December 22, 2016

Registration No. 333-214149

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 4
to
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

TENGASCO, INC.
(Exact Name of registrant as Specified in Our Charter)

Delaware	1311	87-0267438
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

6021 South Syracuse Way, Suite 117
Greenwood Village, CO 80111
(720) 420-4460
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Michael J. Rugen
Chief Executive Officer
6021 South Syracuse Way, Suite 117
Greenwood Village, CO 80111
(720) 420-4460
(Name, Address Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

with a copy to:
Kristin L. Lentz, Esq.
Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, CO 80202
(303) 892-9400

As soon as practicable after the effective date of this registration statement.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company

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Calculation of Registration Fee

Title of Each Class of Securities to be Registered (1)	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 per share	12,195,446(2)	\$0.66	\$8,048,994(3)	\$932.88 (4)
Nontransferable subscription rights to purchase common stock	—	— (5)	— (5)	— (5)

(1) This registration statement relates to (a) nontransferable subscription rights to purchase shares of common stock of Tengasco, Inc., which subscription rights will be issued to holders of common stock and (b) the shares of common stock deliverable upon exercise of the subscription rights pursuant to the rights offering.

(2) Estimate.

(3) Represents the gross proceeds from the rights offering assuming the exercise of all subscription rights to be distributed.

(4) Previously paid.

(5) The subscription rights are being issued without consideration. Pursuant to Rule 457(g) under the Securities Act, no separate registration fee is required because the subscription rights are being registered in the same registration statement as the common stock underlying the subscription rights.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 22, 2016

PROSPECTUS

TENGASCO, INC.

SUBSCRIPTION RIGHTS TO PURCHASE AN AGGREGATE OF UP TO 12,195,446 SHARES OF COMMON STOCK
UP TO 12,195,446 SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THE SUBSCRIPTION RIGHTS

We are distributing to holders of our outstanding common stock, at no charge, nontransferable subscription rights to purchase an aggregate of up to 12,195,446 shares of our common stock at a cash subscription price of \$[] per share for maximum gross proceeds of \$[]. You will receive for each share of our common stock you own a right to purchase two shares of our common stock at an exercise price of \$[] for each share purchased. If you exercise your rights in full, you may oversubscribe for the purchase of additional shares that remain unsubscribed at the expiration of the rights offering, subject to availability and allocation of shares among persons exercising this oversubscription privilege and to certain other limitations described below. In no event, however, may any subscriber purchase shares of our common stock in the offering that, when aggregated with all of the shares of our common stock otherwise owned by the subscriber and his, her or its affiliates, would immediately following the closing of this rights offering represent 50% or more of our issued and outstanding shares. You will not be entitled to receive any rights unless you hold of record shares of our common stock as of the close of business on November 21, 2016.

Our board of directors has determined that this rights offering is advisable under our present financial, operational and other circumstances. Our board of directors formed a three-person special committee of its members charged with, among other things, recommending to the full board of directors the terms of this rights offering. No special committee member is an employee of Tengasco or its subsidiaries nor has any personal interest in the rights offering other than his personal share ownership. Although we expect that members of our board of directors and management may participate in the rights offering, we have no agreements or understandings with any persons or entities, including members of our board of directors, our management and any brokers or dealers, with respect to their exercise of any rights offered hereby or their participation as an underwriter, broker or dealer in this offering.

The rights will expire if they are not exercised by 5:00 p.m., New York City time, on [], 2017 (at least 14 days following the mailing date), the expected expiration date of the rights offering. We may extend the period for exercising the rights for up to an additional 30 days. Subscription amounts received will be held by the subscription agent until completion of the rights offering, during which period the right holders will not earn interest. Rights that are not exercised by the expiration date of the rights offering will expire and will have no value. Rights may not be sold or transferred except under limited circumstances described later in this prospectus. You should carefully consider whether to exercise your rights. Our board of directors makes no recommendation regarding your exercise of rights.

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Shares of our common stock are traded on the NYSE MKT exchange under the symbol “TGC.” On December 21, 2016, the closing price for our common stock was \$0.73 per share. Although application has been made to list the shares of common stock offered hereby on the exchange, we cannot be sure that such listing will be granted. See “Risk Factors.”

AN INVESTMENT IN OUR COMMON STOCK IS RISKY. YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS DESCRIBED ON PAGE 13 OF THIS PROSPECTUS BEFORE EXERCISING YOUR RIGHTS.

	Per Share	Total (1)
Subscription price	\$[]	\$[]
Estimated offering expenses (2)	0.01	150,933
Net proceeds to Tengasco	\$[]	\$[]

- (1) Assumes the exercise of subscription rights to purchase all 12,195,446 shares of common stock in this rights offering.
- (2) Although we will incur certain offering expenses, no underwriting discounts or commissions will be paid in connection with this offering.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is [], 2016.

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ABOUT THIS PROSPECTUS

We have not authorized anyone to provide you with additional or different information from that contained or incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that you may obtain from other sources. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any exercise of the subscription rights.

This prospectus does not offer to sell, or ask for offers to buy, any shares of our common stock in any state or jurisdiction (within or outside the United States) where it would not be lawful or where the person making the offer is not qualified to do so.

As used in this prospectus, “Tengasco,” the “Company,” “we,” “us,” and “our” refer to Tengasco, Inc. and its subsidiaries.

As permitted under the rules of the Securities and Exchange Commission (the “SEC”), this prospectus incorporates important business information about Tengasco that is contained in documents that we file with the SEC, but that are not included in or delivered with this prospectus. You may obtain copies of these documents, without charge, from the website maintained by the SEC at www.sec.gov, as well as other sources. See “Incorporation by Reference” and “Where You Can Find More Information” in this prospectus.

INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this prospectus, together with all exhibits filed therewith or incorporated therein by reference to the extent not otherwise amended or superseded by the contents of this prospectus:

- our Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on March 30, 2016;
- our Definitive Proxy Statement on Schedule 14A for our 2016 annual meeting of stockholders, as filed with the SEC on October 27, 2016; and
- our Quarterly Reports on Form 10-Q for the quarterly periods ended March 30, 2016, June 30, 2016 and September 30, 2016, as filed with the SEC on May 13, 2016, August 12, 2016 and November 14, 2016, respectively.

In addition, all documents filed by us pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act (excluding any information furnished and not filed with the SEC) after the effective date of the registration statement that includes this prospectus and prior to the termination of the rights offering shall be deemed to be incorporated by reference into this prospectus.

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Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing) at no cost by writing, telephoning or e-mailing us at the following address, telephone number or e-mail address:

Tengasco, Inc.
6021 South Syracuse Way, Suite 117
Greenwood Village, CO 80111
(720) 420-4460
csorensen@tengasco.com

Copies of these filings are also available through the “Investor” section of our website at www.tengasco.com. For other ways to obtain a copy of these filings, please refer to “Where You Can Find More Information” below.

FORWARD-LOOKING STATEMENTS

The information contained in this prospectus, in certain instances, includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements regarding the Company’s “expectations,” “anticipations,” “intentions,” “beliefs,” or “strategies” or any similar word or phrase regarding the future. Forward-looking statements also include statements regarding revenue, margins, expenses, and earnings analysis for 2016 and thereafter; oil and gas prices; exploration activities; development expenditures; costs of regulatory compliance; environmental matters; technological developments; future products or product development; the Company’s products and distribution development strategies; potential acquisitions or strategic alliances; liquidity and anticipated cash needs and availability; prospects for success of capital raising activities; prospects or the market for or price of the Company’s common stock; prospects for success of this offering; impact of this offering on our financial condition or prospects or the market for or price of our common stock; and control of the Company. All forward-looking statements are based on information available to the Company as of the date hereof, and the Company assumes no obligation to update any such forward-looking statement. The Company’s actual results could differ materially from the forward-looking statements. Among the factors that could cause results to differ materially are the factors discussed in “Risk Factors” below.

Projecting the effects of commodity prices, which in past years have been extremely volatile, on production and timing of development expenditures includes many factors beyond the Company’s control. The future estimates of net cash flows from the Company’s proved reserves and their present value are based upon various assumptions about future production levels, prices, and costs that may prove to be incorrect over time. Any significant variance from assumptions could result in the actual future net cash flows being materially different from the estimates.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you. This prospectus includes information about our business and our financial and operating data. Before making an investment decision, we encourage you to read the entire prospectus carefully, including the risks discussed in the “Risk Factors” section. We also encourage you to review our financial statements and the other information we provide in the reports and other documents that we file with the SEC, as described under “Where You Can Find More Information.”

Our Company

We are in the business of exploring for and producing oil and natural gas in Kansas. We lease producing and non-producing properties with a view toward exploration and development. We primarily operate oil wells in the State of Kansas. We also own and operate a facility in Tennessee for production of electricity from landfill methane gas.

The Company was initially organized in Utah in 1916 under a name later changed to Onasco Companies, Inc. In 1995, the Company changed its name from Onasco Companies, Inc. by merging into Tengasco, Inc., a Tennessee corporation, formed by the Company solely for this purpose. In 2011, the stockholders of the Company approved an Agreement and Plan of Merger adopted by the Company’s board of directors which provided for the merger of the Company into a wholly-owned subsidiary formed in Delaware for the purpose of changing the Company’s state of incorporation from Tennessee to Delaware. The merger became effective on June 12, 2011, and the Company is now a Delaware corporation.

The address of our principal executive office is 6021 South Syracuse Way, Suite 117, Greenwood Village, Colorado 80111, and our telephone number at that address is (720) 420-4460. We are a “smaller reporting company” under rules and regulations of the SEC.

The Rights Offering

The following summary describes the principal terms of the rights offering, but is not intended to be complete. See “The Rights Offering” in this prospectus for a more detailed description of the terms and conditions of the distribution of the subscription rights and the offering. For a more detailed description of our common stock which they represent, see “Description of Our Common Stock.”

Securities Offered We are distributing, at no charge, to holders of our common stock nontransferable subscription rights to purchase up to an aggregate of 12,195,446 shares of our common stock. You will receive a fixed number of subscription rights for each share of common stock owned at 5:00 p.m., New York City time, as of the record date set forth below.

Record Date 5:00 p.m., New York City time, on November 21, 2016.

Expiration Date 5:00 p.m., New York City time, on [], 2017 (at least 14 days following the mailing date), unless extended by us, in our sole discretion, for up to an additional 30 days.

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	<p>[\$] per share, payable in cash. To be effective, any payment related to the exercise of a subscription right must be received by the subscription agent before the expiration of the rights offering.</p>
Subscription Price	<p>After the date of this prospectus, our common stock may trade at prices below the subscription price. In that event, our board of directors may change the subscription price of this offering or determine to cancel or otherwise alter the terms of this offering.</p>
Basic Subscription Privilege	<p>Each subscription right includes a basic subscription privilege to purchase two shares, both of which must be purchased with each subscription right exercised.</p>
Oversubscription Privilege	<p>If a stockholder exercises all its basic subscription privileges for all shares it owns, the stockholder may exercise an oversubscription privilege to purchase at the same price, a portion of any rights offering shares not purchased by other stockholders exercising their subscription privileges in full, subject to certain limits.</p>
No Fractional Shares	<p>No rights may be exercised as to any fraction of a share owned, and no fractional shares will be issued in the rights offering. However, a stockholder may exercise its rights as to all or any portion of the number of shares it owns if the portion is stated in whole numbers.</p>
Extension or Cancellation	<p>The Company may extend the offering or cancel it.</p>
Shares of Common Stock Outstanding as of the Record Date	<p>6,097,723 shares of our common stock are issued and outstanding as of the record date.</p>
Shares of Common Stock Outstanding After Completion of the Rights Offering	<p>We will issue approximately 12,195,446 shares of common stock in this rights offering if it is fully subscribed. Upon consummation of the rights offering, if fully subscribed, we expect to have approximately 18,293,169 shares of outstanding common stock on a fully diluted basis.</p>
Use of Proceeds	<p>We intend to use the net proceeds of this offering to pay bank debt, for working capital for exploration and development growth purposes involving certain prospects being considered by the Company in several states, and for general corporate purposes. See “Use of Proceeds.”</p>

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Procedure for Exercising Subscription Rights	If you elect to exercise your rights being distributed in the offering, you must send certain documentation and payment to the subscription agent before the offering expires. For instructions on how your subscription documents and payment should be sent to the subscription agent, see “The Rights Offering—Required Forms of Payment of the Subscription Price.”
Nontransferability of the Rights	The rights in the rights offering may not be transferred except in very limited circumstances. See “The Rights Offering—Nontransferability of the Rights.”
No Revocation	Once exercised, the rights in the offering may not be revoked, even if you later learn information about us that you consider to be unfavorable or the market price of our common stock falls below the \$[] per share subscription price, unless we amend the terms of the offering.
Delivery of Shares	Any shares you elect to purchase in the rights offering will be delivered to you or your broker as soon as practical following the conclusion of the offering period.
No Recommendation	Our board of directors makes no recommendation as to whether any stockholder should or should not exercise its rights in the rights offering.
Market for Common Stock	The Company’s common stock is listed and trades on the NYSE MKT exchange under the ticker symbol “TGC.”
Material U.S. Federal Income Tax Consequences	It is the opinion of tax counsel that the distribution of subscription rights to a holder of shares of our common stock or of rights or warrants to acquire shares of our common stock should be treated, for U.S. federal income tax purposes, as a non-taxable distribution under Section 305(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder. You should, however, seek specific tax advice from your own tax advisor in light of your own tax situation, including as to the applicability and effect of any other tax laws. See “Material U.S. Federal Income Tax Consequences.”
Foreign Holders of Registered Common Stock Certificates	The subscription agent will mail rights certificates to you if your address is outside the United States or if you have an Army Post Office or a Fleet Post Office address. To exercise your rights, you must notify the subscription agent and take all other steps which are necessary to exercise your rights on or prior to expiration of the offering.
Subscription Agent	Continental Stock Transfer & Trust Company

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Risk Factors	Investors considering making an investment by exercising subscription rights in the rights offering should carefully read the information set forth in “Risk Factors” beginning on page 13 of this prospectus, the documents incorporated by reference herein, and the risks that we have highlighted in other sections of this prospectus.
Questions	Anticipated common questions are set out and answered beginning on page 7 below.

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QUESTIONS AND ANSWERS RELATED TO THIS RIGHTS OFFERING

The following are examples of what we anticipate will be common questions about this rights offering. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about this rights offering. This prospectus and the documents incorporated by reference into this prospectus contain more detailed descriptions of the terms and conditions of this rights offering and provide additional information about us and our business, including potential risks related to this rights offering, the shares of common stock offered hereby and our business.

What is the rights offering?

The rights offering is a distribution to holders of our common stock, at no charge, of nontransferable subscription rights at the rate of one right to purchase two shares of common stock for each share of common stock owned as of November 21, 2016, the record date. Each right will be evidenced by a nontransferable rights certificate.

What is a subscription right?

Each subscription right is a right to purchase two shares of our common stock and carries with it a basic subscription privilege and an oversubscription privilege.

What is the basic subscription privilege?

The basic subscription privilege of each right entitles you to purchase two shares of our common stock at the subscription price of \$[] per share (or \$[] per pair of shares purchased upon exercising each right). You must purchase both of the two shares relating to each outstanding share if you wish to exercise the subscription privilege relating thereto. You may exercise none, some, or all of the subscription rights you receive.

After the date of this prospectus, our common stock may trade at prices below the subscription price. In that event, our board of directors may change the subscription price of this offering or determine to cancel or otherwise alter the terms of this offering.

What is the oversubscription privilege?

We do not expect that all of our stockholders will exercise all of their basic subscription rights. By extending oversubscription privileges to our stockholders, we are providing stockholders that exercise all of their basic subscription privileges with the opportunity to purchase those shares that are not purchased by other stockholders through the exercise of their basic subscription privileges. The oversubscription privilege of each right entitles you, if you fully exercise your basic subscription privilege, to subscribe for additional shares of our common stock unclaimed by other holders of rights in the rights offering, at the same subscription price of \$[] per share. If an insufficient number of shares is available to fully satisfy all oversubscription privilege requests, the available shares will be distributed proportionately among rights holders who exercised their oversubscription privilege based on the number of shares each rights holder subscribed for under the basic subscription privilege. The subscription agent will return any excess payments by mail without interest or deduction promptly after the expiration of the rights offering.

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How long will the rights offering last?

You will be able to exercise your subscription rights only during a limited period. If you do not exercise your subscription rights before 5:00 p.m., New York City time, on [], 2017 (at least 14 days following the mailing date), your subscription rights will expire. We may, in our discretion, extend the rights offering for up to an additional 30 days.

Are there any limitations on the number of my rights that I may exercise?

Yes. In no event may any subscriber purchase shares of our common stock in the offering that, when aggregated with all of the shares of our common stock otherwise owned by the subscriber and his, her or its affiliates, would immediately following the closing of this rights offering represent 50% or more of our issued and outstanding shares. There are other limitations bearing upon persons owning or that may become owners by the rights offering of 5% of the Company's outstanding shares in order to preserve the Company's net operating losses under federal income tax laws. The limitations as to 5% ownership may be waived by the board of directors as to all affected persons in the event the board determines in its discretion that such limitations have little or no practical effect to prevent loss of any of the Company's net operating loss ("NOL") carryforwards or that the Company's need to maximize proceeds from the rights offering is greater than the need to attempt to prevent the loss of NOLs by enforcement of the limitations.

Why is Tengasco engaging in a rights offering?

The net proceeds of the rights offering will be used initially to pay bank indebtedness in the aggregate amount of approximately \$2.4 million, with the balance of the net proceeds to be used for working capital purposes, including the exploration of the Company's leased acreage in Saline County, Kansas, and other projects currently identified by the Company for acquisition, joint development, or joint exploration in Kansas and Texas. The rights offering gives you the opportunity to participate in this capital raising effort and to purchase additional shares of our common stock.

What happens if I choose not to exercise my subscription rights?

You will retain your current number of shares of common stock even if you do not exercise your subscription rights. If you choose not to exercise your subscription rights, then the percentage of our common stock that you own will decrease. Rights not exercised prior to the expiration of the rights offering will expire.

How do I exercise my subscription rights if I hold my shares in certificate form?

You may exercise your rights by properly completing and signing your rights certificate. You must deliver your rights certificate with full payment of the subscription price (including any amounts in respect of the oversubscription privilege) to the subscription agent on or prior to the expiration date. If you use the mail, we recommend that you use insured, registered mail, return receipt requested.

What should I do if I want to participate in the rights offering but my shares are held in the name my broker, custodian bank or other nominee?

If you hold shares of our common stock through a broker, custodian bank or other nominee, we will ask your broker, custodian bank or other nominee to notify you of the rights offering. If you wish to exercise your rights, you will need to have your broker, custodian bank or other nominee act for you.

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To indicate your decision, you should complete and return to your broker, custodian bank or other nominee the form entitled “Beneficial Owner Election Form.” You should receive this form from your broker, custodian bank or other nominee with the other rights offering materials. You should contact your broker, custodian bank or other nominee if you believe that you are entitled to participate in the rights offering, but you have not received this form.

What should I do if I want to participate in the rights offering and I am a stockholder residing in a foreign country or participating in the armed services?

The subscription agent will mail rights certificates to you if you are a rights holder whose address is outside the United States or if you have an Army Post Office or a Fleet Post Office address. To exercise your rights, you must notify the subscription agent on or prior to 5:00 p.m., New York City time, on [], 2017 (at least 14 days following the mailing date), and take all other steps which are necessary to exercise your rights, on or prior to that time. If you do not follow these procedures prior to the expiration of the rights offering, your rights will expire.

What if the market price per share of our common stock is less than the subscription price per share when I am deciding to exercise my subscription rights?

Consult your broker. Depending on the market price of our common stock, it most likely will be more cost effective for you to purchase shares of our common stock on the NYSE MKT exchange rather than exercise your subscription rights. However, the proceeds for shares purchased on the exchange go to the person or entity who sold the stock to you. The proceeds for shares purchased in the rights offering go to the Company for the purposes of repayment of bank debt, exploration and other growth objectives of the Company.

Will I be charged a sales commission or a fee by Tengasco if I exercise my subscription rights?

No. We will not charge a brokerage commission or a fee to rights holders for exercising their rights. However, if you exercise your rights through a broker or nominee, you will be responsible for any fees charged by your broker or nominee.

What is the board of directors’ recommendation regarding the rights offering?

Our board of directors is not making any recommendation as to whether you should exercise your subscription rights. You are urged to make your decision based on your own assessment of the rights offering and Tengasco.

How many shares may I purchase?

You will receive one nontransferable subscription right for each share of common stock that you owned on November 21, 2016, the record date. Each subscription right contains the basic subscription privilege and the oversubscription privilege. Each basic subscription privilege entitles you to purchase two shares of common stock for \$[] per each share purchased. If and when you decide to exercise the basic subscription privilege, you must purchase both of the two shares to exercise the basic subscription privilege associated with each share you currently own. However, you are not required to exercise the basic subscription privilege for every share you own unless you desire to participate in the oversubscription privilege as well as the basic privilege. See “The Rights Offering—Subscription Privileges.”

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If you fully exercise your basic subscription privilege, the oversubscription privilege entitles you to subscribe for any number of additional shares (subject to some limitations) of our common stock not purchased by other shareholders under their basic subscription privilege, at the same subscription price. If total oversubscription requests exceed the number of available shares, you may receive a smaller number of shares than you request, on a pro rata basis to the number of shares you purchased under your basic subscription privilege. “Pro rata” means in proportion to the number of shares of our common stock that you and the other rights holders electing to exercise their oversubscription privileges have purchased by exercising the basic subscription privileges on their holdings of common stock. See “The Rights Offering—Subscription Privileges.”

How was the subscription price established?

The subscription price per share was recommended to our board of directors by a special committee of our board charged with recommending financial and other terms of this offering. The special committee considered a number of factors, including the historic and then-current market price of the common stock, our business prospects, our recent and anticipated operating results, general conditions in the securities markets and the energy markets, our need for capital, alternatives available to us for raising capital, the amount of proceeds desired, the pricing of similar transactions, the liquidity of our common stock and the level of risk to our investors.

The matters considered by the special committee in its determination also included discussions with Dolphin Offshore Partners, L.P. (“Dolphin”), the Company’s largest stockholder, of which Mr. Peter E. Salas is the controlling person, as to a subscription price at which Dolphin might participate in the offering, although Dolphin has not entered into any agreement with the Company with respect to such participation. In its deliberations, the special committee was advised by an advisor engaged for this purpose and by legal counsel.

Is exercising my subscription rights risky?

Yes. The exercise of your rights involves risks. Exercising your rights means buying additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described under the heading “Risk Factors” beginning on page 13.

May I transfer my rights if I do not want to purchase any shares?

No. Should you choose not to exercise your rights, you may not sell, give away or otherwise transfer your rights. However, rights will be transferable to certain affiliates of the recipient and by operation of law (for example, upon death of the recipient).

Am I required to subscribe in the rights offering?

No.

How many shares will be outstanding after the rights offering?

Assuming the rights offering is fully subscribed, the number of shares of common stock that will be outstanding immediately after the rights offering will be approximately 18,293,169 shares.

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What happens if the rights offering is not fully subscribed after giving effect to the oversubscription privilege?

If the rights offering is not fully subscribed after giving effect to the oversubscription privilege, Tengasco will raise less than the maximum potential offering of approximately \$[] million. Any rights not exercised after giving effect to the oversubscription privilege will expire.

How will the rights offering affect our board's ownership of our common stock?

As of December 21, 2016, the members of our board of directors and their affiliates are deemed to beneficially own 2,095,016 shares of our common stock, representing approximately 34.4% of our outstanding common stock. As of December 21, 2016, Dolphin is deemed to beneficially own 2,063,916 shares of our common stock, representing approximately 33.8% of our outstanding common stock. The Company anticipates that all directors of the Company and the Chief Executive Officer will fully exercise their basic subscription rights.

If no rights holders other than Dolphin exercise their rights in the rights offering, Dolphin would, if it subscribes for and purchases the maximum number of unsubscribed shares, be limited by the terms of this offering to ownership of less than 50% of our issued and outstanding shares, when such ownership is aggregated with the ownership of its affiliates. Although no agreement or understanding has been reached between Dolphin and the Company, the Company expects that Dolphin will fully exercise its basic subscription rights and its oversubscription privilege to the fullest extent possible subject to the limitations set out in the offering.

If no rights holders other than all of the members of our board of directors exercise their respective rights in the rights offering, and Dolphin is limited as set out above, our board of directors collectively could as a result of its subscription for and purchase of the maximum number unsubscribed shares, be deemed to own more than 50% of our issued and outstanding shares.

After I exercise my rights, can I change my mind and cancel my purchase?

No. Once you send in your subscription certificate and payment you cannot revoke the exercise of your rights, even if you later learn information about us that you consider to be unfavorable or the market price of our common stock falls below the \$[] per share subscription price, unless we amend the terms of the offering.

What are the federal income tax consequences of exercising my subscription rights as a holder of common stock?

It is the opinion of tax counsel that the distribution of subscription rights to a holder of shares of our common stock or of rights or warrants to acquire shares of our common stock should be treated, for U.S. federal income tax purposes, as a non-taxable distribution under Section 305(a) of the Code and the Treasury Regulations promulgated thereunder. You should, however, seek specific tax advice from your own tax advisor in light of your own tax situation, including as to the applicability and effect of any other tax laws. See "Material U.S. Federal Income Tax Consequences" on page 29.

When will I receive my new shares?

If you purchase shares of common stock through this rights offering, you will receive certificates representing those shares as soon as practicable after the expiration of the rights offering. Subject to state securities laws and regulations, we have the discretion to delay allocation and distribution of any shares you may elect to purchase by exercise of your basic or oversubscription privilege in order to comply with state securities laws.

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Will the new shares be listed on the NYSE MKT exchange and treated like our other shares?

Yes. Our common stock is traded on the NYSE MKT exchange under the symbol “TGC.”

If the rights offering is not completed, or my oversubscription request is limited, will my subscription payment be refunded to me?

Yes. The subscription agent will hold all funds it receives in escrow until completion of the rights offering. If the rights offering is not completed, the subscription agent will return promptly, without interest, all subscription payments. If the amount of rights that you exercise is limited, any amount not used for purchases shall also be refunded. See “Questions and Answers Related to this Rights Offering—Are there any limitations on the number of my rights that I may exercise?”

To whom should I send forms and payments?

If you hold certificates in paper form, the address for the appropriate forms and payment by U.S. postal service mail, overnight delivery courier, or messenger is as follows:

Continental Stock Transfer & Trust Company
Attention: Corporate Actions Department
17 Battery Place, 8th Floor
New York, NY 10004

If your shares are held by a broker or other nominee, you should refer to the instructions on how your broker or nominee will need to be instructed by you for the broker or nominee to send subscription payment to Continental Stock Transfer & Trust Company, the subscription agent, see “The Rights Offering—Required Forms of Payment of the Subscription Price” on page 23.

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RISK FACTORS

This offering and an investment in the shares of our common stock involve a high degree of risk. You should carefully consider the following factors and other information presented or incorporated by reference in this prospectus before deciding to invest in our common stock. If we do not successfully address any one or more of the risks described below, there could be a material adverse effect on our financial condition, operating results and business.

Risks Relating to our Business

The risks relating to our business are set out in full under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on March 30, 2016 and are incorporated herein by this reference.

Risks Relating to this Rights Offering

The subscription price determined for this offering is not an indication of our value or the value of our common stock.

The subscription price for this rights offering has been determined to be \$[] for each share purchased. The subscription price was determined by a special committee of our board of directors formed for that purpose, among others, and recommended to our full board of directors and does not necessarily bear any relationship to the book value of our assets, past operations, cash flows, losses, financial condition or any other established criteria for value. The matters considered by the special committee in its determination included discussions with a representative of Dolphin Offshore Partners, L.P., the Company’s largest stockholder, as to a subscription price at which Dolphin might participate, although Dolphin has not entered into any agreement with us with respect to such participation. You should not consider the subscription price as an indication of our value. After the date of this prospectus, our common stock may trade at prices below current levels or below the subscription price. In any such event, our board of directors may change the subscription price of this offering or determine to cancel or otherwise alter the terms of this offering.

As a result of this offering, certain persons may obtain effective voting control of us and be able to direct our actions.

As a result of this offering, Dolphin would, in the event that it were to subscribe for and purchase the maximum number of unsubscribed shares and no other rights holders exercised their rights, be able to acquire the ownership of just under 50% of our issued and outstanding shares. Similarly, if no rights holders other than all of the members of our board of directors exercise their respective rights in this offering, our board of directors (including Peter E. Salas) collectively would, as a result of its subscription for and purchase of all unsubscribed shares, own or be deemed to own up to or slightly more than 50% of our issued and outstanding shares of common stock. Consequently, such control, if it occurs, would allow such persons to be able to elect all of our directors and otherwise control our operations, including being able to direct our actions. Further, such control might discourage potential acquirers from seeking to acquire control of us through the purchase of our common stock, which could have a limiting effect on the price of our common stock.

If you exercise your rights, you may lose money if there is a decline in the trading price of our shares of common stock.

The trading price of our common stock in the future may decline below the subscription price. We cannot assure you that the subscription price will remain below any future trading price for the shares of our common stock. Future prices of the shares of our common stock may adjust negatively depending on various factors, including our future

revenues and earnings, changes in earnings estimates by analysts, our ability to meet analysts' earnings estimates, speculation in the trade or business press about our operations, and overall conditions affecting our businesses, economic trends and the securities markets.

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You may not revoke the exercise of your rights even if there is a decline in our common stock price prior to the expiration date of the subscription period.

Even if our common stock price falls below the subscription price for the common stock, resulting in a loss on your investment upon the exercise of rights to acquire shares of our common stock, you may not revoke or change your exercise of rights after you send in your subscription forms and payment, unless we amend the terms of the offering.

You may not revoke the exercise of your rights even if we decide to extend the expiration date of the subscription period.

We may, in our discretion, extend the expiration date of the subscription period for up to an additional 30 days. During any potential extension of time, our common stock price may decline below the subscription price and result in a loss on your investment upon the exercise of rights to acquire shares of our common stock. If the expiration date is extended after you send in your subscription forms and payment, you still may not revoke or change your exercise of rights, unless we amend the terms of the offering.

You will not receive interest on subscription funds returned to you.

If we cancel the rights offering, neither we nor the subscription agent will have any obligation with respect to the subscription rights except to return, without interest, any subscription payments to you.

We may not receive sufficient participation to generate sufficient proceeds for all intended purposes.

We have no agreements or understandings with any persons or entities, including Dolphin, members of our board of directors, our management and any broker or dealers, with respect to their exercise of any rights offered hereby or their participation as an underwriter, broker or dealer in this offering. As such, we do not know to what extent any stockholders will participate in the offering and therefore what amount of proceeds will be raised in the offering. Assuming that stockholders exercise all of the rights we are offering, we will receive gross proceeds of approximately \$[]. We intend to use the net proceeds initially to pay bank indebtedness of up to approximately \$2.4 million, with the balance, if any, for working capital and general corporate purposes in our discretion. The net proceeds of this offering, even at a maximum participation level, may not provide sufficient working capital to sustain the Company for any minimum period of time.

Because we may terminate the offering, your participation in the offering is not assured.

Once you exercise your subscription rights, you may not revoke the exercise for any reason unless we amend the offering. If we decide to terminate the offering, we will not have any obligation with respect to the subscription rights except to return any subscription payments, without interest.

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Our ability to use our net operating loss carryforwards may be substantially reduced as a result of this offering.

Section 382 of the Code imposes a limitation on a corporation's use of NOL carryforwards if the corporation has undergone an "ownership change." Depending on a number of circumstances, including the extent to which the rights offered hereby are exercised out of proportion to existing common stock ownership, this offering may create an ownership change in us for purposes of Section 382 and therefore substantially reduce the amount of NOL carryforwards that we may use in future years to offset our taxable income. Because we have taken a full valuation reserve for our deferred tax assets on our financial statements, an ownership change would not have an immediate impact on our reported earnings for financial accounting purposes but may cause significant reduction or elimination of the NOL carryforwards in the future.