

GASTAR EXPLORATION LTD
Form 8-K
December 19, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 19, 2006 (December 13, 2006)

GASTAR EXPLORATION LTD.

(Exact Name of Registrant as Specified in Its Charter)

ALBERTA, CANADA
(State or other jurisdiction

of incorporation)

001-32714
(Commission File Number)

1331 LAMAR STREET, SUITE 1080

HOUSTON, TEXAS 77010

(Address of principal executive offices)

(713) 739-1800

(Registrant's telephone number, including area code)

38-3324634
(IRS Employer

Identification No.)

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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 (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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SECTION 1 REGISTRANT'S BUSINESS AND OPERATIONS

Item 1.01. Entry into a Material Definitive Agreement

On December 13, 2006, the Board of Directors of Gastar Exploration Ltd. (the Company) approved an indemnity agreement in the form attached hereto as Exhibit 10.1, and the Company entered into such indemnity agreements on December 13, 2006 with its directors and certain executive officers.

The form of Indemnification Agreement, a copy of which is filed as Exhibit 10.1, is incorporated by reference into this Current Report on Form 8-K.

SECTION 5 CORPORATE GOVERNANCE AND MANAGEMENT

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Changes in Fiscal Year

On December 13, 2006, the Board of Directors of the Company approved changes to the Company's Bylaws. Such changes were to clarify the indemnification rights of the directors and officers within Article VIII of the Bylaws as set forth in summary below:

Mandatory advancement of expenses to directors with respect to indemnification for proceedings;

Mandatory indemnification to directors, subject to court approval, for actions brought by or in the name of the Company;

Indemnification for expenses incurred in respect of threatened litigation; and

Entitlement to payment of attorneys fees that directors/officers incur in litigating with the Company their right to receive indemnity payments from the Company whether successful or not.

The foregoing rights/entitlements are subject to the director/officer meeting the following standard of conduct:

(a) The director/officer acting honestly and in good faith with a view to the best interests of the Company; and

(b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director/officer having reasonable grounds for believing that the director's/officer's conduct was lawful.

All changes approved by the Company's Board of Directors are permissible and are provided for pursuant to the *Business Corporations Act* (Alberta) and are subject to shareholder approval at the next annual meeting of shareholders to be held in June 2007.

The amended Bylaws, a copy of which is filed as Exhibit 3(ii), are incorporated by reference into this Current Report on Form 8-K.

SECTION 9 FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

The following is a list of exhibits filed as part of this Form 8-K:

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| Exhibit No. | Description of Document |
|--------------------|--|
| 3(ii) | Bylaws of the Company, as amended December 13, 2006. |
| 10.1 | Form of Indemnity agreement. |

SIGNATURES

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

GASTAR EXPLORATION LTD.

Date: December 19, 2006

By: /s/ J. RUSSELL PORTER
J. Russell Porter
President and Chief Executive Officer

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EXHIBIT INDEX

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