

**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): February 23, 2018 [February 21, 2018]

SRC Energy Inc.

(Exact name of registrant as specified in its charter)

COLORADO
**(State or other jurisdiction of
incorporation or organization)**

001-35245
**(Commission
File Number)**

20-2835920
**(I.R.S. Employer
Identification Number)**

**1675 Broadway, Suite 2600
Denver, Colorado 80202**

Registrant's telephone number, including area code: (720) 616-4300

N/A

(Former name or former address, if changed since last report)

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 (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))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 21, 2018, SRC Energy Inc. (the “Company”) entered into a Second Amendment to Employment Agreement (the “Amendment”) with Lynn A. Peterson, the Company’s Chief Executive Officer, President and Chairman of the Company’s Board of Directors (the “Board”). The Amendment amends Mr. Peterson’s employment agreement dated as of May 27, 2015, as amended effective December 22, 2016 (the “Employment Agreement”). The purpose of the Amendment is to, among other things, conform the salary terms of the Employment Agreement with compensation actions taken by the Compensation Committee and the Board regarding Mr. Peterson’s compensation since the date of the Employment Agreement, and to conform the definition of a “change of control” in the Employment Agreement with the Company’s equity incentive plan and the severance agreements of other officers of the Company.

Under the Amendment, Mr. Peterson is entitled to receive annual base compensation of \$730,000, subject to review at least annually and increase from time to time. In the event of a termination, or constructive termination (as defined in the Amendment), of Mr. Peterson’s employment other than for cause, death or disability, any of Mr. Peterson’s unvested equity grants and stock options that vest solely upon the passage of time shall immediately vest and the Company will pay to Mr. Peterson (i) a lump sum equal to two times Mr. Peterson’s annual salary, plus one and one-half times Mr. Peterson’s most recent bonus, plus an amount equal to 18 months of COBRA premiums, if such termination, or constructive termination, is not in connection with or within 12 months following a change in control (as defined in the agreement), or (ii) a lump sum amount equal to three times Mr. Peterson’s annual salary, plus two times Mr. Peterson’s most recent bonus, if such termination, or constructive termination, is in connection with or within 12 months following a change in control. In the event Mr. Peterson is terminated on or within twelve months following a change in control, other than for cause or voluntarily without a constructive termination, the Company will pay to Mr. Peterson an amount equal to 24 months of COBRA premiums. In addition, upon a change of control (whether or not followed by his termination of employment), all of Mr. Peterson’s unpaid or unvested equity grants and stock options that vest solely upon the passage of time shall immediately vest.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
3.2	Second Amendment to Employment Agreement, effective as of February 20, 2018, between Lynn A. Peterson and SRC Energy Inc.

SIGNATURE

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.

Date: February 23, 2018

SRC Energy Inc.

By: /s/ Lynn A. Peterson
Lynn A. Peterson
President and Chief Executive Officer

Exhibit Index

Exhibit Number	Description
3.2	<u>Second Amendment to Employment Agreement, effective as of February 20, 2018, between Lynn A. Peterson and SRC Energy Inc.</u>

**SECOND AMENDMENT
TO
EMPLOYMENT AGREEMENT**

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made effective as of February 20, 2018 between SRC Energy Inc., a Colorado corporation (the "Company"), and Lynn A. Peterson (the "Executive").

WITNESSETH

WHEREAS, Executive and the Company are party to that certain Employment Agreement, dated as of May 27, 2015, as amended effective December 22, 2016 (the "Employment Agreement"), pursuant to which Executive is employed as President of the Company;

WHEREAS, Executive and the Company wish to amend the Employment Agreement to adjust the rights and responsibilities of the parties upon termination of employment and to update certain other portions of the Employment Agreement; and

WHEREAS, Section 9.7 of the Employment Agreement permits the parties thereto to amend the Employment Agreement by written instrument, and Executive and the Company now wish to amend the Employment Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows.

AMENDMENT

1. Section 3.1 of the Employment Agreement is hereby amended by removing the existing Section 3.1 as set forth therein and replacing it with the following:

"3.1 The Company agrees to pay the Executive an annualized gross salary of \$730,000 during the term of this Agreement in accordance with the Company's standard payroll practices and subject to all applicable withholdings. Executive's base salary shall be reviewed at least annually and may be increased from time to time in the Company's discretion, but shall not be decreased without Employee's written consent unless pursuant to a decrease broadly applied to all senior executives of the Company."

2. Article 4 of the Employment Agreement is hereby amended by removing the existing Article 4 as set forth therein and replacing it with the following:

“4. Termination.

4.1 If the Executive should die during the Term, this Agreement shall terminate as of the date of the Executive's death, except that the Executive's legal representatives shall be entitled to receive all compensation otherwise payable to Executive through the last day of the month in which Executive's death occurs and unvested equity grants or stock options, if any, that vest solely upon the passage of time shall immediately vest. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents. The Executive's legal representatives shall have the right to exercise outstanding options, if any, for the first to occur of a period of one year or the expiration date of the original term of such grant.

4.2 If, during the Term, the Executive shall become physically or mentally disabled, whether totally or partially, so that the Executive is unable substantially to perform his services hereunder for (i) a period of two consecutive months, or (ii) for shorter periods aggregating four months during any twelve-month period, the Company may, at any time after the last day of the second consecutive month of disability or the day on which the shorter periods of disability shall have equaled an aggregate of four months, by written notice to the Executive (but before the Executive has recovered from such disability), terminate this Agreement. Notwithstanding such disability, the Company shall continue to pay the Executive his full salary up to and including the date of such termination. Upon termination for disability, unvested equity grants and stock options, if any, that vest solely upon the passage of time shall immediately vest. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents. The Executive shall have the right to exercise outstanding options, if any, for the first to occur of a period of one year or the expiration date of the original term of such grant.

4.3 In the event of (i) conviction of the Executive of any crime or offense involving the property of the Company, or any of its subsidiaries or affiliates, fraud or moral turpitude, and such crime or offense significantly harms the business operations of the Company, (ii) the refusal of Executive to follow the lawful directions of the Company's Board of Directors (the "Board") within a reasonable period after delivery to Executive of written notice of such directions, (iii) the Executive's gross negligence, and such gross negligence significantly harms the business operations of the Company (gross negligence does not include errors of judgment, mistakes, or discretionary decisions, but is conduct which shows a reckless or willful disregard for reasonable business practices), or (iv) a breach of this Agreement by Executive which Executive fails to cure within thirty days after notice from the Board, or fails to diligently pursue a cure if the breach is not able to reasonably be cured within 30 days (any such event, a "Cause Event"), then the Company may terminate Executive's employment hereunder by written notice to Executive in which event Executive shall be entitled to receive all compensation otherwise payable to Executive through the date of termination.

4.4 [Reserved].

4.5 In the event the Company shall terminate Executive's employment hereunder without the occurrence of a Cause Event and not due to death or disability, and not on or within twelve (12) months following a Change of Control, the Company shall promptly, but in no event later than sixty (60) days, pay to Executive by certified check, wire transfer funds, or other form of payment reasonably acceptable to Executive, a lump sum amount equal to the sum of (i) two (2) times the Executive's annual salary at such compensation rate as is then in effect under the terms of this Agreement, and any extension or renewal thereof, plus (ii) one and one-half (1.5) times Executive's most recent bonus, plus (iii) an amount equal to 18 months of COBRA premiums (calculated based on COBRA rates at the time of termination assuming Executive elected COBRA covering the same benefits and same family members that were covered immediately prior to Executive's termination). Such payment shall not be reduced by any charges, expenses, debts, set-offs or other deductions of any kind whatsoever except for required withholding taxes. All of Executive's unpaid or unvested equity grants and stock options that vest solely upon the passage of time shall be immediately vested. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents.

4.6 Constructive Termination shall occur if the Executive resigns his employment within ninety (90) days of the occurrence of any of the following events: (i) a relocation (or demand for relocation) of Executive's place of employment to a location more than thirty-five (35) miles from Executive's current place of employment, (ii) the Board materially interferes with the performance of the Executive's duties, (iii) if a Change of Control event has occurred; (iv) the Company shall fail to nominate the Executive for nomination or appointment to the Board of Directors of the Company; (v) the Company's material breach of this Agreement or any other written agreement between Executive and the Company; provided the Company is given notice of said breach and provided an opportunity to cure such breach for 30 days from the date of such notice; (vi) the material diminution of the Executive's duties responsibilities, authority, offices or titles in effect as of the Effective Date; or (vii) a reduction of Executive's salary, or adverse modifications to the stock awarded to Executive under this Agreement, or to the Company's stock plan (or any other similar plan), or a material reduction in Executive's total compensation under this Agreement, except for any reductions equally applicable to all executive officers of the Company as approved by the Board.

For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% or more of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election

of directors (the “ Outstanding Company Voting Securities ”); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control; (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate of the Company or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections (c)(1), (2) and (3) below;

(b) Individuals who, as of the effective date of the Agreement, constitute the Company’s Board of Directors (the “Incumbent Board ”) cease for any reason to constitute at least a majority of the Company’s Board of Directors; provided, however, that any individual becoming a director subsequent to the effective date of the Agreement whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Company’s Board of Directors;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “ Business Combination ”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets directly or through one or more subsidiaries (a “ Parent ”)) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities, as the case may be, (2) no person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, more than 50% of, respectively, the combined voting power of the then-outstanding voting securities of the entity resulting from such Business Combination, except to the extent that the ownership in excess of more than 50% existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement

or of the action of the Company's Board of Directors providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company other than in the context of a transaction that does not constitute a Change in Control Event under clause (c) above.

In the event a Constructive Termination event has occurred, other than on or within twelve (12) months following a Change of Control, Executive may, in his sole discretion, provide Company with his written notice of resignation within ninety (90) days of the occurrence of any of the Constructive Termination events, to be effective not less than thirty (30) days after receipt by Company, whereupon Executive shall cease to be employed by the Company. Upon receipt of such notice of resignation, Company shall promptly, but in no event later than sixty (60) days after the effective date of the, termination, pay to Executive by certified check, wire transfer funds, or other form of payment reasonably acceptable to Executive, a lump sum amount equal to the sum of (i) two (2) times the Executive's annual salary at such compensation rate as is then in effect under the terms of this Agreement, and any extension or renewal thereof, plus (ii) one and one-half (1.5) times Executive's most recent bonus, plus (iii) an amount equal to 18 months of COBRA premiums (calculated based on COBRA rates at the time of termination assuming Executive elected COBRA covering the same benefits and same family members that were covered immediately prior to Executive's termination). Such payment shall not be reduced by any charges, expenses, debts, set-offs or other deductions of any kind whatsoever except for required withholding taxes. All of Executive's unpaid or unvested equity grants and stock options that vest solely upon the passage of time shall be immediately vested. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents.

In the event of a Change of Control, if the Company shall terminate Executive's employment hereunder without the occurrence of a Cause Event on or within twelve (12) months following a Change of Control and not due to death or disability, or if during such time period a Constructive Termination event has occurred and Executive has, within (90) days of the occurrence of any of the Constructive Termination events, given written notice of resignation to be effective not less than thirty (30) days after receipt by Company (whereupon Executive shall cease to be employed by the Company), then the Company shall promptly, but in no event later than sixty (60) days, pay to Executive by certified check, wire transfer funds, or other form of payment reasonably acceptable to Executive, a lump sum amount equal to the sum of (i) three (3) times the Executive's annual salary at such compensation rate as is then in effect under the terms of this Agreement, and any extension or renewal thereof, plus (ii) two (2) times Executive's most recent bonus. Such payment shall not be reduced by any charges, expenses, debts, set-offs or other deductions of any kind whatsoever except for required withholding taxes. All of Executive's unpaid or unvested equity grants and stock options that vest solely upon the passage of time shall immediately vest in such event (to the extent such awards remain outstanding after the

Change in Control). The expiration date of any options which remain outstanding after the Change in Control and which would expire during the six-month period following the date of termination pursuant to this paragraph will be extended to the date which is the earlier to occur of twelve months after the date of the termination or the expiration date of the original term of such grant. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents.

4.7 In the event of a Change of Control, whether or not followed by termination of Executive's employment, all of Executive's unpaid or unvested equity grants and stock options that vest solely upon the passage of time shall be immediately vested. The foregoing shall not apply to equity incentive awards that are earned and/or vested based on the satisfaction of performance metrics or goals, which awards shall be governed solely by their respective grant documents. Nothing herein shall require that the Company or any successor maintain any then-outstanding equity incentive awards following the occurrence of a Change in Control.

4.8 In the event of a Change of Control and subject to the Executive being terminated from employment on or within twelve (12) months following the Change in Control for any reason other than the occurrence of a "Cause Event" or as a result of Executive's voluntary termination of employment without the occurrence of a Constructive Termination, Executive shall receive an amount equal to 24 months of COBRA premiums (calculated based on COBRA rates at the time of termination assuming Executive elected COBRA covering the same benefits and same family members that were covered immediately prior to Executive's termination) paid in a cash lump sum no later than sixty (60) days after the date of termination.

4.9 If the Executive is a "specified employee" as such term is defined under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), on the date of his termination of employment and if the benefits to be provided under this Agreement are subject to Section 409A of the Code and are payable on account of a termination of employment, payment in respect of such benefits shall not be paid or commence until the earliest of (i) the first business day that is six months after the date of termination of employment, (ii) Executive's date of death, or (iii) such other earlier date for which such payment will not be subject to additional tax or interest imposed by Section 409A of the Code, and shall otherwise be paid as provided in this Agreement.

4.10 Notwithstanding any of the above to the contrary, the Executive will not be entitled to any of the payments provided in this Article 4 (other than in connection with a Change of Control) if (i) the Executive materially breaches this Agreement, including the provisions of Article 5, or (ii) the Executive fails to execute and return an effective release from liability and waiver of right to sue the Company or its affiliates in a form reasonably acceptable to the Company waiving all claims the Executive may have against the Company, its affiliates, and their predecessors, successors, assigns, employees, officers and directors and such other parties and in such form as determined by the Company in its sole discretion

within fifty-two (52) days after the date of termination of the Executive's employment (or such shorter period as may be required to be provided by law or as determined by the Company and provided in the release), and the release becoming effective.

4.11 To the extent any amount payable under this Article 4 is deferred compensation subject to the Code, if the period during which the Executive has discretion to execute or revoke the general release of claims straddles two of your taxable years, then the Company shall make the severance payments starting in the second of such taxable years, regardless of which taxable year the Executive actually deliver the executed general release of claims to the Company. The Executive may not, directly or indirectly, designate the calendar year or timing of payments.”

3. Except for the above amendment, the Employment Agreement shall be unamended and shall continue in full force and effect.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

SRC ENERGY INC.

By: /s/ James P. Henderson
Title: Executive Vice President

EXECUTIVE

By: /s/ Lynn A. Peterson