

HOUSTON EXPLORATION CO

Form 4

June 08, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MCKESSY STEPHEN W

2. Issuer Name **and** Ticker or Trading
Symbol
HOUSTON EXPLORATION CO
[THX]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
520-1 MAIN ST.
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
06/06/2007

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

RIDGEFIELD, CT 06877

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
common stock (\$0.01 par value)	06/06/2007		M		495	A	<u>(1)</u> 8,283
common stock (\$0.01 par value)	06/06/2007		D		8,283	D	<u>(2)</u> 0

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not**

SEC 1474
(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
stock option (right to buy)	\$ 35.11	06/06/2007		D	2,000	<u>(3)</u> 09/22/2013	common stock	2,000
stock option (right to buy)	\$ 54.85	06/06/2007		D	2,000	<u>(3)</u> 09/20/2014	common stock	2,000
phantom stock	<u>(1)</u>	06/06/2007		M	495	06/06/2007 06/06/2007	common stock	495

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
MCKESSY STEPHEN W 520-1 MAIN ST. RIDGEFIELD, CT 06877	X

Signatures

/s/ Karol L. Adams by Power of Attorney for Stephen W. McKessy

06/08/2007

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1)

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Pursuant to The Houston Exploration Company's (the "Company") post-2004 director deferred compensation plan, the reporting person's phantom stock rights are exchanged for a cash distribution upon termination from the Company's Board of Directors. Each share of phantom stock was the economic equivalent of one share of the Company's common stock.

- (2) Pursuant to the Agreement and Plan of Merger, dated as of January 7, 2007 (the "Merger Agreement"), by and among Forest Oil Corporation ("Forest"), MJCO Corporation, a wholly owned subsidiary of Forest, and The Houston Exploration Company (the "Company"), at the effective time ("Merger I Effective Date") of the merger contemplated therein, each outstanding share of the Company's common stock was converted into the right to receive (i) .84 shares of Forest's common stock and (ii) \$26.25 in cash. This represents \$60.02 per share of consideration to be received by the Company's stockholders based on the average closing price of Forest's common stock during the ten-day valuation period specified in the Merger Agreement. The mix of cash and stock consideration to be received by each of the Company's stockholders will be determined by stockholder elections, subject to proration. As a result of the proration procedures that have not yet been completed as of the date of this filing, it

- (3) Pursuant to the Merger Agreement, at the Merger I Effective Time, each non-qualified stock option became immediately and fully vested and was cancelled and converted into the right to receive a cash amount equal to the excess of \$60.02 over the option exercise price multiplied by the number of shares subject to such option.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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