LARSEN KEITH G
Form 4
October 24, 2006

FORM 4

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

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
LARSEN KEITH G

(Last) (First) (Middle)

877 NORTH 8TH WEST

(Street)

RIVERTON, WY 82501

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
US ENERGY CORP [USEG]

3. Date of Earliest Transaction (Month/Day/Year)
10/20/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CHAIRMAN & CEO

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

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			
U.S. Energy Common Stock	10/20/2006		J(1)		512,359	D	$ 3.95	300,556	I (2) (3)	By Corporation
U.S. Energy Common Stock								154,556	D (4) (5)	
U.S. Energy Common Stock								7,500	I (6)	By Custodian For Child

U.S. Energy Common Stock	55,623	I (7)	By ESOP
U.S. Energy Common Stock	95,569	I (8)	By Immediate Family

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

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SEC 1474 (9-02)

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. D Se (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Option 1a (Right to Buy)	$ 2							12/04/1998	09/25/2008	U.S. Energy Common Stock	52,718	
Employee Option 2 (Right to Buy)	$ 2.4							01/10/2001	01/09/2011	U.S. Energy Common Stock	267,734	
Employee Option 3 (Right to Buy)	$ 3.9							12/07/2001	12/06/2011	U.S. Energy Common Stock	100,000	
Employee Option 4 (Right to Buy)	$ 2.25							08/08/2002	12/07/2011	U.S. Energy Common Stock	52,556	
	$ 2.46							07/01/2004	06/30/2014		84,350	

Employee Option 5 (Right to Buy)					U.S. Energy Common Stock	
Employee Option 6 (Right to Buy)	$ 3.86		10/14/2005	10/13/2015	U.S. Energy Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LARSEN KEITH G 877 NORTH 8TH WEST RIVERTON, WY 82501	X		CHAIRMAN & CEO	

Signatures

By: Robert Scott Lorimer Attorney in Fact	10/24/2006
**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) Delivered 506,329 shares to Enterra Energy Trust's designee, Rocky Mountain Gas, Inc. pursuant to the February 22, 2005 Pre-Acquisition Agreement in settlement of a $2,000,000 obligation related to the sale of the Equity ownership of Pinnacle Gas and 6,030 shares to U.S. Energy Corp. as payment on Intercompany debt.

(2) Includes 175,000 shares held by Sutter Gold Mining Co., Inc. (SGMI), a subsidiary of USEG. The Reporting Person is an Officer and/or Director of both USEG and SGMI and is not a controlling shareholder and does not have or share investment controll over these shares, and therefore does not have a pecuniary interest in the USEG shares held by SGMI, under rule 16a-1(a)(2)(iii).

(3) Includes 125,556 shares held by Plateau Resources Limited (Plateau), a wholly owned subsidiary of USEG. The Reporting Person is an Officer and/or Director of both USEG and Plateau and is not a controlling shareholder and does not have or share investment controll over these shares, and therefore does not have a pecuniary interest in the USEG shares held by Plateau, under rule 16a-1(a)(2)(iii).

(4) Includes 8,820 shares issued under the USEG Restricted Stock Bonus Plan which are subject to forfeiture by the Reporting Person. The forfeitable shares issued the plan are deemed 'earned out' by the Reporting Person: (i) if he is continuously employed by USEG until he retires; (ii) if he becomes disabled; (iii) upon his death, or (iv) if the shares are claimed within three years following the occurrence of (i) (ii) (iii). The treasurer of USEG holds the shares in trust for the benefit of the Reporting Person, while non-employee directors of USEG exercise shared voting and dispositive rights over all forfeitable shares. Distributions to the Reporting Person will not be separately reported. The acquisitions of the shares by the Reporting Person from the Plan are exempt under Rule 16b-3.

(5) Includes 145,736 shares held directly by the Reporting Person.

(6) Includes 7,500 shares indirectly held by the Reporting Person as Custodian for minor children under the Wyoming Uniform Transfers to Minors Act. The Reporting Person disclaims beneficial and pecuniary interest in these shares.

(7) Includes shares held in the U.S. Energy Corp. Employee Stock Ownership Plan (the 'ESOP') in an account established for the benefit of the Reporting Person.

(8) Includes a balance of shares held in ESOP accounts established to benefit members of the Reporting Persons 'Immediate Family', as that term is defined in Rule 16a-1(e), in accordance with Rule 16a-8(b)(2).

(9) Includes stock options granted under the Issuer's 1998 Incentive Stock Option Plan and exempt under Rule 16b-3.

(10) Includes stock options granted under the Issuer's 2001 Incentive Stock Option Plan and exempt under Rule 16b-3.

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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