

Edgar Filing: BASIC ENERGY INC - Form 10QSB

BASIC ENERGY INC
Form 10QSB
February 18, 2003

SECURITIES AND EXCHANGE COMMISSION
(Address of Principal Executive Officer (Issuer's Telephone Number, including Area Code) (Zip Code)

WASHINGTON, D.C. 20549
(949) 489-2400

Indicate by check mark whether the Registrant (i) has filed all reports required to be filed by Section 13, or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (ii) has been subject to such filing requirements for the past 90 days.

I.R.S. Employer Identification No. _____
Incorporation or Organization under Section 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 For the quarterly period ended December 31, 2002 No

555 Anton Boulevard, Suite 1200, Costa Mesa
California 92626

[] Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. _____ to _____

Common Stock, \$0.10 par value per share 0-27849
8,454,134

Title of Class Number 0001097900 Number of Shares outstanding at December 31, 2002
BASIC ENERGY, INC.

Transitional Small Business Format Yes No X

No exhibits included.

Basic Energy, Inc.
(A Development Stage Company)
Financial Statements
December 31, 2002

Basic Energy, Inc.

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(A Development Stage Company)

Balance Sheets

December 31,

(Unaudited)

		Assets	
Current Assets			
Cash		\$	894
			-
Total Assets		\$	

		Liabilities & Stockholders= Equity	
Current Liabilities			
Accounts Payable		\$	
Due to Officers			
Total Current Liabilities			

Stockholders= Equity			
Common Stock, 20,000,000 Shares			
Authorized at \$0.10 Par Value;			
8,131,226 Shares Issued and Outstanding			
Paid In Capital			
Deficit Accumulated During the Development Stage			
Total Stockholders= Equity			

Total Liabilities & Stockholders= Equity			

The accompanying notes are an integral part of these financial statements

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Basic Energy, Inc.
(A Development Stage Company)
Statement of Operations
(Unaudited)

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	For the Three Months Ended			For
	December	December	December	Mon
	31, 2002	31, 2001	31, 2001	Decem
				31, 2
Revenue	\$ -	\$ -	\$-	

Expenses				
General & Administrative	12,104	19,968	26,373	
Professional Fees	-	3,541	-	
Loss on Mining Claims	-	-	-	
	-----	-----	-----	
Total Expenses	12,104	23,509	26,373	

Income (Loss) From Operations	(12,104)	(23,509)	(26,373)	(54,890)

Other Income (Expenses)				
Interest Expense	-	-	-	
	-----	-----	-----	
Total Other Income (Expenses)	-	-	-	

Income (Loss) Before Taxes	(12,104)	(23,509)	(26,373)	(54,890)

Taxes	-	-	-	
	-----	-----	-----	
Net Income (Loss)	\$ (12,104)	\$ (23,509)	\$ (26,373)	
=====				
Loss Per Common Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$
Weighted Average Outstanding Shares	8,131,226	7,722,765	8,131,226	7,548,146

Basic Energy, Inc.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

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For the Six Months End
 December 31, December
 2002 -----

Cash Flows from Operating Activities

Net Loss	\$	(26,373)	\$

Adjustments to Reconcile Net Loss to Cash Used by Operating Activities;			
Non Cash			-
Loss on Mining Claim			-
Increase (Decrease) in Accounts Payable			381
Increase (Decrease) Due to Officers			25,992

Cash Used from Operating Activities			-

Cash Flows from Investing Activities

Cash Provided from Investing Activities			-

Cash Flows from Financial Activities

Proceeds from Sale of Common Stock			-

Cash Provided from Financing Activities			-

Increase (Decrease) in Cash

Increase (Decrease) in Cash			-

Cash at Beginning of Period			-

Cash at End of Period	\$	=	=====

Disclosures for Operating Activities

Interest	\$	-
=====		
Taxes		

The accompanying notes are an integral part of these financial statements

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Basic Energy, Inc.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2002

NOTE 1 - Organization

The Company was organized on June 4, 1926 under the laws of the state of Utah using the name of M.M. Lead Company. On February 22, 1980 a Certificate of Amendment was filed with the state of Utah changing the name to Basic Energy, Inc. The Company has been dormant for many years and is considered to be a development stage company.

NOTE 2 - Significant Accounting Policies

- A. The Company uses the accrual method of accounting.
- B. Revenues and directly related expenses are recognized in the period when the goods are shipped to the customer.
- C. The Company considers all short term, highly liquid investments that are readily convertible, within three months, to known amounts as cash equivalents. The Company currently has no cash equivalents.
- D. Primary Earnings Per Share amounts are based on the weighted average number of shares outstanding at the dates of the financial statements. Fully Diluted Earnings Per Shares shall be shown on stock options and other convertible issues that may be exercised within ten years of the financial statement dates.
- E. Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 3 - Stockholders= Equity - Common Stock

During the year ended June 30, 2002, the Company issued 792,196 shares to officers and directors for services and out of pocket expenses. The shares were issued at \$0.10 per share.

NOTE 4 - Going Concern

The Company has had recurring operating losses since inception and is dependent upon financing to continue operations. These factors indicate that the Company may be unable to continue in existence. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue its existence. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is the intent of the Company to find additional capital funding and/or a profitable business venture to acquire or merge.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Safe Harbor Statement

This Form 10-QSB contains certain forward-looking statements. For this

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purpose any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors.

Plan of Operations

The Company has little cash and has experienced losses. The Company has no material commitments for capital expenditures for the next twelve months.

As of the date of this report, the Company has yet to generate positive cash flow. The Company has financed its operations primarily through the sale of common stock.

The Company believes that its current cash needs can be met either through the sale of additional stock or through loans. Should the Company obtain a business opportunity, however, it may be necessary to raise additional capital. This may be accomplished by selling common stock of the Company.

Management of the Company intends to actively seek business opportunities for the Company during the next twelve months.

Item 3. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures. The Company's principal executive officer and its principal financial officer, based on their evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14 (c) as of a date within 90 days prior to the filing of this Quarterly Report on Form 10Q, have concluded that the Company's disclosure controls and procedures are adequate and effective for the purposes set forth in the definition in Exchange Act rules.

(b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

- Item 1. LEGAL PROCEEDINGS - None
- Item 2. CHANGES IN SECURITIES - None

- Item 3. DEFAULTS UPON SENIOR SECURITIES - None

- Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS - None

- Item 5. OTHER INFORMATION - None
- Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits--None

Reports on Form 8-K--None.

SIGNATURES

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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 thereunto duly authorized.

BASIC ENERGY, INC.

Basic Energy, Inc.

January 27, 2003

/s/ Jay W. Gibson

Jay W. Gibson
Chairman of the Board and President
(duly authorized officer)

January 27, 2003

/s/ Joseph M. Graubard

Joseph M. Graubard
Treasurer and Director
(principal accounting and financial officer)

CERTIFICATIONS

I, Jay W. Gibson, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Basic Energy, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the

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equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 27, 2003

/s/ Jay W. Gibson
President and Chief Executive Officer

I, Joseph M. Graubard, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Basic Energy, Inc.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 27, 2003

/s/ Joseph M. Graubard
Treasurer