

SPINDLETOP OIL & GAS CO
Form 10-Q
August 20, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2018

or

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

Commission File No. 000-18774

SPINDLETOP OIL & GAS CO.

(Exact name of registrant as specified in its charter)

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Texas 75-2063001
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

12850 Spurling Rd., Suite 200, Dallas, Texas 75230
(Address of principal executive offices) (Zip Code)

(972-644-2581)
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) 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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer [] Accelerated filer []
Non-accelerated filer [] Smaller reporting company []

-1-

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common, as of the latest practicable date.

Common Stock, \$0.01 par value 6,936,269

(Class) (Outstanding at August 20, 2018)

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q

For the quarter ended June 30, 2018

Index to Consolidated Financial Statements and Schedules

Part I – Financial Information:	Page
Item 1. – Financial Statements	
Consolidated Balance Sheets	
June 30, 2018 (Unaudited) and December 31, 2017	4 - 5
Consolidated Statements of Operations (Unaudited)	
Six Months Ended June 30, 2018 and 2017, and	6
Three Months Ended June 30, 2018 and 2017	
Consolidated Statements of Cash Flow (Unaudited)	
Six Months Ended June 30, 2018 and 2017	7
Notes to Consolidated Financial Statements	8
Item 2. – Management’s Discussion and Analysis of Financial	
Condition and Results of Operations	8
Item 4. – Controls and Procedures	13
Part II – Other Information:	
	14
Item 5. – Other Information	
Item 6. – Exhibits	15

Part I - Financial Information**Item 1. - Financial Statements****SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,514,000	\$ 11,707,000
Restricted cash	363,000	363,000
Accounts receivable	1,992,000	3,178,000
Income tax receivable	176,000	259,000
Total Current Assets	16,045,000	15,507,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	28,590,000	28,566,000
Rental equipment	412,000	406,000
Gas gathering system	115,000	115,000
Other property and equipment	296,000	296,000
	29,413,000	29,383,000
Accumulated depreciation and amortization	(25,072,000)	(24,804,000)
Total Property and Equipment	4,341,000	4,579,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,580,000	1,580,000
Accumulated depreciation	(921,000)	(897,000)
Total Real Estate Property	1,347,000	1,371,000
Other Assets		
Deferred Income Tax Asset	144,000	-
Other long-term investments	2,358,000	2,666,000
Other	10,000	9,000
Total Other Assets	2,512,000	2,675,000

Total Assets	\$	24,245,000	\$	24,132,000
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The accompanying notes are an integral part of these statements.

-4-

**SPINDLETOP OIL & GAS Co. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	June 30, 2018 (Unaudited)	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,023,000	\$ 5,608,000
Total Current Liabilities	5,023,000	5,608,000
Noncurrent Liabilities		
Asset retirement obligation	1,078,000	1,180,000
Total Noncurrent Liabilities	1,078,000	1,180,000
Deferred Income Tax Payable	-	207,000
Total Liabilities	6,101,000	6,995,000
Shareholders' Equity		
Common stock, \$.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,936,269 shares outstanding at June 30, 2018 and at December 31, 2017.	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury stock, at cost	(1,536,000)	(1,536,000)
Retained earnings	18,660,000	17,653,000
Total Shareholders' Equity	18,144,000	17,137,000
Total Liabilities and Shareholders' Equity	\$ 24,245,000	\$ 24,132,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues				
Oil and gas revenues	\$ 3,270,000	\$ 2,088,000	\$ 1,864,000	\$ 1,031,000
Revenues from lease operations	130,000	184,000	60,000	93,000
Gas gathering, compression, equipment rental	61,000	64,000	25,000	38,000
Real estate rental revenue	116,000	147,000	59,000	73,000
Interest Income	88,000	71,000	39,000	43,000
Other revenues	29,000	67,000	16,000	49,000
Total Revenues	3,694,000	2,621,000	2,063,000	1,327,000
Expenses				
Lease operating expenses	738,000	681,000	377,000	362,000
Production taxes, gathering and marketing expenses	496,000	232,000	295,000	108,000
Pipeline and rental expenses	37,000	12,000	23,000	10,000
Real estate expenses	73,000	63,000	43,000	31,000
Depreciation and amortization expenses	292,000	466,000	161,000	261,000
ARO accretion expense	18,000	18,000	9,000	9,000
General and administrative expenses	1,301,000	1,242,000	666,000	661,000
Total Expenses	2,955,000	2,714,000	1,574,000	1,442,000
Income (Loss) before income tax	739,000	(93,000)	489,000	(115,000)
Current income tax provision (benefit)	83,000	1,000	17,000	(4,000)
Deferred income tax benefit	(351,000)	(434,000)	(230,000)	(249,000)
Total income tax benefit	(268,000)	(433,000)	(213,000)	(253,000)
Net Income	\$ 1,007,000	\$ 340,000	\$ 702,000	\$ 138,000
Earnings per Share of Common Stock				
Basic and Diluted	\$ 0.15	\$ 0.05	\$ 0.10	\$ 0.02
Weighted Average Shares Outstanding				
Basic and Diluted	6,936,269	6,936,269	6,936,269	6,936,269

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30, 2018	June 30, 2017
Cash Flows from Operating Activities		
Net Income	\$ 1,007,000	\$ 340,000
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	292,000	466,000
Accretion of asset retirement obligation	18,000	18,000
Changes in accounts receivable	1,186,000	(90,000)
Changes in income tax receivable	83,000	(19,000)
Changes in accounts payable and accrued liabilities	(585,000)	417,000
Changes in deferred income tax asset	(144,000)	(416,000)
Changes in deferred Income tax payable	(207,000)	(18,000)
Changes in other assets	(1,000)	-
Net cash provided for operating activities	1,649,000	698,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development	(150,000)	(70,000)
Other long-term investments	308,000	-
Net cash provided (used) for investing activities	158,000	(70,000)
Increase in cash, cash equivalents, and restricted cash	1,807,000	628,000
Cash, cash equivalents, and restricted cash at beginning of period	12,070,000	11,384,000
Cash, cash equivalents, and restricted cash at end of period	\$ 13,877,000	\$ 12,012,000
Income taxes paid in cash	\$ -	\$ 20,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION AND ORGANIZATION