

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 Quarter ended March 31, 2003

Commission File No. 0-18774

SPINDLETOP OIL & GAS CO.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

75-2063001
IRS Employer or ID #)

331 Melrose, Suite 102, Richardson, T
(Address of principal executive offices)

75080
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock par value \$0.01 per share
(Title of Class)

Indicate by check mark whether the Company (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

As of March 31, 2003, 7,607,471 shares of the Company's common stock were issued and outstanding, and the aggregate market value of the voting stock held by non-affiliates of the company as of that date is

not determinable since no significant public trading market has been established for the Company's common stock.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q
MARCH 31, 2003

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Part I - Financial Information

Item 1. - Financial Statements

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

	As of	
	March 31 2003 (Unaudited)	December 31 2002
ASSETS		
Current Assets		
Cash	\$ 2,265,000	\$ 2,046,000
Accounts receivable	451,000	274,000
Prepaid income tax	17,000	109,000
Total Current Assets	2,733,000	2,429,000
Property and Equipment, at cost		
Oil and gas properties (full cost method)	3,909,000	3,936,000
Rental equipment	399,000	399,000
Gas gathering systems	145,000	145,000
Other property and equipment	85,000	85,000

	4,538,000	4,565,000
Accumulated depreciation and amortization (3,230,000)	(3,293,000)	
	-----	-----
Total Property and Equipment, net	1,245,000	1,335,000
	-----	-----
Total Assets	\$ 3,978,000	\$ 3,764,000
	=====	=====

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - (Continued)

	As of	
	March 31 2003 (Unaudited)	December 31 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 369,000	\$ 414,000
Notes payable, related party	39,000	42,000
Tax savings benefit payable	97,000	97,000
	505,000	553,000
Deferred income tax payable	179,000	179,000
Shareholders' Equity		
Common stock, \$.01 par value; 100,000,000 Shares authorized; 7,607,471 shares issued and outstanding at March 31, 2003 and 7,582,471 shares issued and outstanding at December 31, 2002. 103,334 shares of Treasury Stock at March 31, 2003 and December 31, 2002.	76,000	76,000
Additional paid-in capital	776,000	776,000
Treasury Stock (18,000)	(18,000)	
Retained earnings	2,460,000	2,198,000
	3,294,000	3,032,000
Total Liabilities and Shareholders' Equity	\$ 3,978,000	\$ 3,764,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited)

	Three Months Ended	
	March 31 2003	March 31 2002
Revenues		
Oil and gas revenue	\$ 718,000	\$ 428,000
Revenue from lease operations	16,000	9,000
Gas gathering, compression and Equipment rental	42,000	46,000
Interest income	30,000	16,000
Other	3,000	3,000
Total revenue	809,000	502,000
Expenses		
Lease operations	269,000	157,000
Pipeline and rental operations	9,000	5,000
Depreciation and amortization	63,000	35,000
General and administrative	112,000	101,000
Interest expense	2,000	3,000
Total Expenses	455,000	301,000
Income (Loss) Before Income Tax	354,000	201,000
Current tax provision	92,000	50,000
Deferred tax provision	-	-
	92,000	50,000
Net Income (Loss)	\$ 262,000	\$ 151,000
Earnings (Loss) per Share of Common Stock		
Basic	\$ 0.03	\$ 0.02
Diluted	\$ 0.03	\$ 0.02
Weighted Average Shares Outstanding	7,603,582	7,525,804
Diluted Shares Outstanding	7,673,304	7,525,804

The accompanying notes are an integral part of these statements.

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

	Three Months Ended	
	March 31 2003	March 31 2002
Cash Flows from Operating Activities		
Net Income (Loss)	\$ 262,000	\$ 151,000
Reconciliation of net income (loss) to net cash provided by (used for) Operating Activities		
Depreciation and amortization	63,000	35,000
Amortization of note discount	(2,000)	(3,000)
Changes in accounts receivable	(177,000)	(117,000)
Changes in prepaid income taxes	92,000	-
Changes in accounts payable	(45,000)	118,000
Changes in current taxes payable	-	50,000
	193,000	234,000
Net cash provided by (used for) operating Activities	193,000	234,000
Cash flows from Investing Activities		
Capitalized acquisition, exploration and development costs	27,000	(169,000)
	27,000	(169,000)
Net cash provided by (used for) Investing Activities	27,000	(169,000)
Cash Flows from Financing Activities		
Reduction of notes payable to related party	(1,000)	(204,000)
	(1,000)	(204,000)
Net cash provided by (used for) Financing Activities	(1,000)	(204,000)
Increase (decrease) in cash	219,000	(139,000)
Cash at beginning of period	2,046,000	2,323,000
Cash at end of period	\$ 2,265,000	\$ 2,184,000

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

The accompanying financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's annual Form 10-K filing. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-K for the year ended December 31, 2002 for further information.

The consolidated financial statements presented herein include the accounts of Spindletop Oil & Gas Co., a Texas corporation and its wholly owned subsidiaries, Prairie Pipeline Co., a Texas corporation and Spindletop Drilling Company, a Texas Corporation. All significant inter-company transactions and accounts have been eliminated.

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, the results of operations and changes in cash flows of the Company and its consolidated subsidiaries for the interim periods presented.

2. ISSUANCE OF COMMON STOCK AND STOCK OPTIONS

Effective October 7, 2002, the board of directors of the Company authorized the issuance of 25,000 shares of restricted common stock at a value of \$0.30 per share, along with payment of cash, and an option to purchase an additional 75,000 shares of restricted common stock of the Company in consideration for the purchase of certain oil and gas leases in North Texas. The options granted under the stock option agreement expire in July, 2004.

The above options, along with options to acquire another 70,000 shares of common stock of the Company, which expire in July 2003, were accounted for in 2002, using FASB Statement 123, Accounting for Stock-Based Compensation, which had the effect of charging the oil and gas properties account with \$26,850, which will be amortized using the full cost method of accounting.

As of March 31, 2003, none of the options to purchase 145,000 shares of the Company's common stock have been exercised, and none of the options have had a dilutive effect on earnings per share.

3. EARNINGS PER SHARE

Earnings per share ("EPS") are calculated in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share (SFAS 128), which was adopted in 1997 for all years presented. Basic EPS is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. All calculations have been adjusted for the effects of the stock split discussed in Note 2. The adoption of SFAS 128 had no effect on previously

reported EPS. Diluted EPS is computed based on the weighted number of shares outstanding, plus the additional common shares that would have been issued had the options outstanding been exercised.

Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

2003 Compared to 2002

Oil and gas revenue increased for the three months ended March 31, 2003 as compared to the same period in 2002 due primarily to higher average prices. Gas prices spiked upward in the 1st Quarter of 2003, going from an average price of \$4.05 per mcf in January 2003 to a high of \$7.47 per mcf in March 2003. The average price received in the first three months of 2003 was \$5.51 per mcf as compared to an average price for the first quarter of 2002 of \$1.91 per mcf. Oil prices also were higher in 2003 than in the previous year. Average prices per barrel were \$32.77 in 2003 compared to \$19.91 in 2002.

In addition to price increases for natural gas and crude oil, oil production for the first quarter of 2003 significantly increased versus 2002 levels due to the acquisition of several operated oil properties during the 3rd and 4th quarters of 2002. These properties were on-line and being produced during the first three months of 2003.

Lease operations in the first quarter of 2003 are higher than in 2002, due to an increase in work-over projects. Work over projects that were postponed in 2002 due to decreased revenue from low product prices were put back on the schedule as prices and cash flow increased during the first quarter. In addition, the Company's total well count increased due to the acquisitions of additional oil and gas properties during the 2nd half of 2002.

The depletion calculation for the first quarter of 2003 is higher than that calculated in 2002. The Company has re-evaluated and increased its proved oil and gas reserve quantities, but at the same time increased the capitalized costs that are being amortized. In addition, production is up for the first quarter of 2003 due to the added properties.

General and administrative costs for the first quarter of 2003 were up slightly due to the increased administrative activity involved with evaluation of potential property purchases, and the resulting administrative and accounting work necessary to process new acquisitions and the related accounting.

Financial Condition and Liquidity

The Company's operating capital needs, as well as its capital spending program are generally funded from cash flow generated by operations. Because future cash flow is subject to a number of variables, such as the level of production and the sales price of oil and natural gas, the Company can provide no assurance that its operations will provide cash sufficient to maintain current levels of capital spending. Accordingly, the Company may be required to seek additional financing from third parties in order to fund its exploration and development programs.

Item 4. - Controls and Procedures

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-Q, our Acting Principal Executive Officer and Acting Chief Financial Officer, believe our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective. There were not any significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, and there has not been any corrective action with regard to significant deficiencies and material weaknesses.

Part II - Other Information

Item 6. - Exhibits and Reports on Form 8-K

Exhibit 99.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report of Spindletop Oil & Gas Co. ("the Company") on Form 10-Q for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof ("the Report"), We, Chris G. Mazzini, President and Acting Principal Executive Officer and Robert E. Corbin, Controller and Acting Principal Financial Officer of the Company, hereby certify that to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2003

By: /s/ *Chris G. Mazzini*
Chris G. Mazzini
President, Acting Principal
Executive Officer

Date: May 15, 2003

By: /s/ *Robert E. Corbin*
Robert E. Corbin
Controller, Acting Principal
Financial Officer

Signatures

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.

SPINDLETOP OIL & GAS CO.
(Registrant)

Date: May 15, 2003

By: /s/ *Chris G. Mazzini*
Chris G. Mazzini
President, Acting Principal
Executive Officer

Date: May 15, 2003

By: /s/ *Michelle H. Mazzini*
Michelle H. Mazzini
Secretary

Date: May 15, 2003

By: /s/ *Robert E. Corbin*
Robert E. Corbin
Controller, Acting Principal
Financial Office

CERTIFICATION

I, Chris Mazzini, Acting Principal Executive Officer of Spindletop Oil and Gas Co. ("the Company"), certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of the Company;
- 2) Based on my knowledge, this annual 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 annual report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
- 4) I am responsible for establishing and maintaining internal controls and procedures and have:
 - a) designed such internal controls to insure that material information relating to the company and its consolidated subsidiaries is made known to me by others within those entities, particularly for the periods presented in this annual report;
 - b) evaluated the effectiveness of the Company's internal controls as of a date within 90 days prior to the filing date of this annual report; and
 - c) presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures based on a date within 90 days prior to the filing date of this annual report;
- 5) I have disclosed to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weakness in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

CERTIFICATION (continued)

6) I have indicated in this annual 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 my most recent evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Chris G. Mazzini

Chris G. Mazzini
Acting Principal Executive Officer
May 15, 2003

CERTIFICATION

I, Robert E. Corbin, Acting Principal Financial Officer of Spindletop Oil and Gas Co. ("the Company"), certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of the Company;
- 2) Based on my knowledge, this annual 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 annual report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
- 4) I am responsible for establishing and maintaining internal controls and procedures and have:
 - a) designed such internal controls to insure that material information relating to the company and its consolidated subsidiaries is made known to me by others within those entities, particularly for the periods presented in this annual report;
 - b) evaluated the effectiveness of the Company's internal controls as of a date within 90 days prior to the filing date of this annual report; and
 - c) presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures based on a date within 90 days prior to the filing date of this annual report;
- 5) I have disclosed to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weakness in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

CERTIFICATION (continued)

6) I have indicated in this annual 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 my most recent evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Robert E. Corbin

Robert E. Corbin
Acting Principal Financial Officer
May 15, 2003