UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED September 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)

Texas (State or other jurisdiction of incorporation or organization)	75-2063001 (I.R.S. Employer Identification No.)
12850 Spurling Rd., Suite 200, Dallas, Texas (Address of principal executive offices)	75230 (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 [X]

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 [X]

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 [X] 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 [X] 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 [X]

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEEDING 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 November 14, 2018)

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q
For the quarter ended September 30, 2018

Index to Consolidated Financial Statements and Schedules

Part I - Financial Information

Item 1. - Financial Statements

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 13,540,000	$ 11,707,000
Restricted cash	363,000	363,000
Accounts receivable	2,138,000	3,178,000
Income tax receivable	278,000	259,000
Total Current Assets	16,319,000	15,507,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	28,563,000	28,566,000
Rental equipment	412,000	406,000
Gas gathering system	115,000	115,000
Other property and equipment	296,000	296,000
	29,386,000	29,383,000
Accumulated depreciation and amortization	(25,202,000)	(24,804,000)
Total Property and Equipment	4,184,000	4,579,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,580,000	1,580,000
Accumulated depreciation	(933,000)	(897,000)
Total Real Estate Property	1,335,000	1,371,000
Other Assets		
Other long-term investments	2,358,000	2,666,000
Other	10,000	9,000
Total Other Assets	2,368,000	2,675,000
Total Assets	$ 24,206,000	$ 24,132,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS Co. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 5,102,000	$ 5,608,000
Total Current Liabilities	5,102,000	5,608,000
Noncurrent Liabilities		
Asset retirement obligation	1,027,000	1,180,000
Total Noncurrent Liabilities	1,027,000	1,180,000
Deferred Income Tax Payable	28,000	207,000
Total Liabilities	6,157,000	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 September 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	18,565,000	17,653,000
Total Shareholders' Equity	18,049,000	17,137,000
Total Liabilities and Shareholders' Equity	$ 24,206,000	$ 24,132,000

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Oil and gas revenues	$ 4,538,000	$ 3,067,000	$ 1,268,000	$ 979,000
Revenues from lease operations	199,000	279,000	69,000	95,000
Gas gathering, compression, equipment rental	100,000	86,000	39,000	22,000
Real estate rental revenue	173,000	217,000	57,000	70,000
Interest Income	124,000	125,000	36,000	54,000
Other revenues	39,000	121,000	10,000	54,000
Total Revenues	5,173,000	3,895,000	1,479,000	1,274,000
Expenses				
Lease operating expenses	1,106,000	1,073,000	368,000	392,000
Production taxes, gathering and marketing expenses	616,000	313,000	120,000	81,000
Pipeline and rental expenses	43,000	34,000	6,000	22,000
Real estate expenses	114,000	99,000	41,000	36,000
Depreciation and amortization expenses	433,000	740,000	141,000	274,000
ARO accretion expense	27,000	27,000	9,000	9,000
General and administrative expenses	1,920,000	1,745,000	619,000	503,000
Total Expenses	4,259,000	4,031,000	1,304,000	1,317,000
Income (Loss) before income tax	914,000	(136,000)	175,000	(43,000)
Current income tax expense (benefit)	181,000	-	98,000	(1,000)
Deferred income tax benefit	(179,000)	(721,000)	172,000	(287,000)
Total income tax benefit	2,000	(721,000)	270,000	(288,000)
Net Income	$ 912,000	$ 585,000	$ (95,000)	$ 245,000
Earnings per Share of Common Stock				
Basic and Diluted	$ 0.13	$ 0.08	$ (0.01)	$ 0.04
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)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash Flows from Operating Activities		
Net Income	$ 912,000	$ 585,000
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	433,000	740,000
Accretion of asset retirement obligation	27,000	27,000
Changes in accounts receivable	1,040,000	(228,000)
Changes in income tax receivable	(19,000)	734,000
Changes in accounts payable and accrued liabilities	(506,000)	397,000
Changes in deferred income tax asset	-	(703,000)
Changes in deferred Income tax payable	(179,000)	(18,000)
Changes in other assets	(1,000)	-
Net cash provided for operating activities	1,707,000	1,534,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development	(182,000)	(165,000)
Changes in Other long-term investments	308,000	-
Net cash provided (used) for investing activities	126,000	(165,000)
Increase in cash, cash equivalents, and restricted cash	1,833,000	1,369,000
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	$ 13,903,000	$ 12,753,000
Income taxes paid in cash	$ 200,000	$ 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

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, 2017 for further information.

The consolidated financial statements presented herein include the accounts of Spindletop Oil & Gas Co., a Texas corporation ("the Company") 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. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with generally accepted accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations.

Subsequent Events

Management has evaluated subsequent events through November 14, 2018, the date on which the financial statements were available to be issued.

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

WARNING CONCERNING FORWARD LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

This Report on Form 10-Q may contain forward-looking statements within the meaning of the federal securities laws, principally, but not only, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management’s beliefs and on assumptions made by, and information currently available to, management. When used, the words “anticipate,” “believe,” “expect,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “result” and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors, that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

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Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the factors listed and described at Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K, which investors should review. There have been no changes from the risk factors previously described in the Company's Form 10-K for the fiscal year ended December 31, 2017 (the "Form 10-K").

Uncertainties regarding the global economic and financial environment could lead to an extended national or global economic recession. A slowdown in economic activity caused by a recession would likely reduce national and worldwide demand for oil and natural gas and result in lower commodity prices for long periods of time. Costs of exploration, development and production have not yet adjusted to current economic conditions, or in proportion to the significant reduction in product prices. Prolonged, substantial decreases in oil and natural gas prices would likely have a material adverse effect on the Company's business, financial condition, and results of operations, and could further limit the Company's access to liquidity and credit, and could hinder its ability to satisfy its capital requirements.

In the past several years, capital and credit markets have experienced volatility and disruption. Given the levels of market volatility and disruption, the availability of funds from those markets may diminish substantially. Further, arising from concerns about the stability of financial markets generally and the solvency of borrowers specifically, the cost of accessing the credit markets has increased as many lenders have raised interest rates, enacted tighter lending standards, or altogether ceased to provide funding to borrowers.

Due to these potential capital and credit market conditions, the Company cannot be certain that funding will be available in amounts or on terms acceptable to the Company. The Company is evaluating whether current cash balances and cash flow from operations alone would be sufficient to provide working capital to fully fund the Company's operations. Accordingly, the Company is evaluating alternatives, such as joint ventures with third parties**,** or sales of interest in one or more of its properties. Such transactions, if undertaken, could result in a reduction in the Company's operating interests or require the Company to relinquish the right to operate the property. There can be no assurance that any such transactions can be completed or that such transactions will satisfy the Company's operating capital requirements. If the Company is not successful in obtaining sufficient funding or completing an alternative transaction on a timely basis on terms acceptable to the Company, the Company would be required to curtail its expenditures or restructure its operations, and the Company would be unable to continue its exploration, drilling, and recompletion program, any of which would have a material adverse effect on its business, financial condition, and results of operations.

There could be adverse legislation which if passed, would significantly curtail our ability to attract investors and raise capital. Proposed changes in the Federal income tax laws which would eliminate or reduce the percentage depletion deduction and the deduction for intangible drilling and development costs for small independent producers, will significantly reduce the investment capital available to those in the industry as well as our Company. Lengthening the time to expense seismic costs will also have an adverse effect on our ability to explore and find new reserves.

Other sections of this report may also include suggested factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks may emerge from time to time and it is not possible for management to predict all such matters; nor can we assess the impact of all such matters on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise.

Results of Operations

<u>Nine months ended September 30, 2018 compared to Nine months ended September 30, 2017</u>

Oil and gas revenues for the first nine months of 2018 were $4,538,000, as compared to $3,067,000 for the same period in 2017, an increase of approximately $1,471,000 or 48.0%

Natural gas revenue for the first nine months of 2018 was $1,820,000 compared to $1,158,000 for the same period in 2017, an increase of approximately $662,000, or 57.2%. Natural gas sales volumes for the first nine months of 2018 were approximately 656,000 mcf compared to approximately 406,000 mcf during the first nine months of 2017, an increase of approximately 250,000 mcf or 61.6%.

Average natural gas prices received were $2.78 per mcf in the first nine months of 2018 as compared to $2.85 per mcf in the same time period in 2017, a decrease of approximately $0.07 per mcf or 2.5%.

Oil sales for the first nine months of 2018 were approximately $2,718,000 compared to approximately $1,909,000 for the first nine months of 2017, an increase of approximately $809,000 or 42.4%. Oil sales volumes for the first nine months of 2018 were approximately 34,200 bbls compared to approximately 43,100 bbls during the same period in 2017, a decrease of approximately 8,900 bbls, or 20.7%.

Average oil prices received were $63.87 per bbl in the first nine months of 2018 compared to $45.01 per bbl in the first nine months of 2017, an increase of approximately $18.86 per bbl or 41.9%.

Revenues from lease operations were $199,000 in the first nine months of 2018 compared to $279,000 in the first nine months of 2017, a decrease of approximately $80,000 or 28.7%. This decrease is due primarily to a decrease in field supervision charges due to some operated wells that were shut-in. Revenues from lease operations are derived from field supervision charged to operated leases along with operator overhead charges to operated leases.

Revenues from gas gathering, compression and equipment rental for the first nine months of 2018 were $100,000 compared to $86,000 for the same period in 2017, an increase of approximately $14,000 or 16.3%. This increase is due primarily to the higher volumes of gas that were transported during the period.

Real estate rental revenue was approximately $173,000 during the first nine months of 2018 compared to $217,000 for the first nine months of 2017, a decrease of approximately $44,000, or 20.3%. This decrease is due to vacancies at the Company’s corporate office building.

Interest income was $124,000 during the first nine months of 2018 as compared to $125,000 during the same period in 2017, a decrease of approximately $1,000 or 0.8%. Interest income is derived from investments in both short-term and long-term certificates of deposit as well as money market accounts at banks.

Other revenues for the first nine months of 2018 were $39,000 as compared to $121,000 for the same time period in 2017, a decrease of approximately $82,000 or 67.8%. The decrease is due primarily to non-recurring promotion income and professional service fees earned in 2017.

Lease operating expenses in the first nine months of 2018 were $1,106,000 as compared to $1,073,000 in the first nine months of 2017, a net increase of $33,000, or 3.1%. Approximately $38,000 of the increase is due to a net increase in operating expenses billed by third-party operators on non-operated properties along with approximately $97,000 of operating expenses on new wells acquired since the third quarter 2017. There was a net decrease in workover expense of approximately $133,000. The remaining $31,000 increase represents net increases and decreases on various properties due to general price fluctuations and levels of operation activity.

Production taxes, gathering and marketing expenses in the first nine months of 2018 were approximately $616,000 as compared to $313,000 for the first nine months of 2017, an increase of approximately $303,000, or 96.8%. Approximately $191,000 of the increase was attributable to operated properties and non-operated properties acquired since the third quarter of 2017. The remaining increase is commensurate with the increase in oil and gas prices and volumes.

Pipeline and rental expenses for the first nine months of 2018 were $43,000 compared to $34,000 for the same time period in 2017, an increase of $9,000, or 26.5%.

Real estate expenses in the first nine months of 2018 were approximately $114,000 compared to $99,000 during the same period in 2017, an increase of approximately $15,000 or 15.2%. The increase is due primarily to non-recurring HVAC expenses.

Depreciation, depletion, and amortization expenses for first nine months of 2018 were $433,000 as compared to $740,000 for the same period in 2017, a decrease of $307,000, or 41.5%. $388,000 of the amount for the first nine months of 2018 was for amortization of the full cost pool of capitalized costs compared to $696,000 for the same period of 2017, a decrease of $308,000 or 44.3%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2017. This re-evaluated reserve base was adjusted for the first nine months as of September 30, 2018 by estimating variances in average prices of oil and natural gas that occurred during the period, adding estimated quantities of oil and natural gas reserves acquired during the period, and deducting oil and natural gas reserves that were produced or sold during the period. A depletion rate of 2.636% for the first quarter of 2018, a depletion rate of 3.320% for the second quarter, and a depletion rate of 2.751% for the third quarter of 2018 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.186%, 4.130%, and 4.295% for the first three quarters of 2017 respectively.

Asset Retirement Obligation ("ARO") expense for the first nine months of 2018 was approximately $27,000 as compared to approximately $27,000 for the same time period in 2017. ARO is a calculation of the estimated present value to plug producing properties compared to the estimate made in the previous year. This recalculation was made after the Company re-evaluated its proved oil and natural gas reserves at the end of 2017.

General and administrative expenses for the first nine months of 2018 were approximately $1,920,000 as compared to approximately $1,745,000 for the same time period of 2017, an increase of approximately $175,000 or 10.0%. This increase is due to small increase in the number of personnel employed by the Company compared to the same period in 2017. This increase in personnel caused an increase in related salary, payroll taxes, benefits and other direct employee costs. Health insurance costs, included in direct employee costs, also experienced a dramatic increase in the first nine months of 2018 compared to the same period in 2017.

Three months ended September 30, 2018 compared to three months ended September 30, 2017

Oil and natural gas revenues for the three months ended September 30, 2018 were $1,268,000, compared to $979,000 for the same time period in 2017, an increase of approximately $289,000, or 29.5%.

Natural gas revenues for the third quarter of 2018 were $511,000 compared to $395,000 for the same period in 2017, an increase of $116,000 or 29.4%. Natural gas volumes sold for the third quarter of 2018 were approximately 223,000 mcf compared to approximately 145,000 mcf during the same period of 2017, an increase of approximately 78,000 mcf, or 53.8%.

Average natural gas prices received were approximately $2.74 per mcf in the third quarter of 2018 as compared to approximately $2.83 per mcf during the same period in 2017, a decrease of approximately $0.09 or 3.2%.

Oil sales for the third quarter of 2018 were approximately $757,000 compared to approximately $584,000 for the same period of 2017, an increase of approximately $173,000 or 29.6%. Oil volumes sold for the third quarter of 2018 were approximately 11,000 bbls compared to approximately 18,600 bbls during the same period of 2017, a decrease of approximately 7,600 bbls or 40.9%.

Average oil prices received were approximately $57.61 per bbl in the third quarter of 2018 compared to $44.06 per bbl during the same period of 2017, an increase of approximately $13.55 per bbl, or 30.8%.

Revenues from lease operations for the third quarter of 2018 were approximately $69,000 compared to approximately $95,000 for the third quarter of 2017, a decrease of approximately $26,000 or 27.4%. This decrease is due primarily to a decrease in field supervision charges due to some operated wells that were shut-in. Revenues from lease operations are derived from field supervision charged to operated leases along with operator overhead charges to operated leases.

Revenues from gas gathering, compression and equipment rental for the third quarter of 2018 were approximately $39,000, compared to approximately $22,000 for the same period in 2017, an increase of approximately $17,000 or 77.3%. This increase is due primarily to the higher volumes of gas that were transported during the period.

Real estate rental revenue was approximately $57,000 during the third quarter of 2018 compared to $70,000 for the same time period of 2017, a decrease of approximately $13,000 or 18.6%. This decrease is due to vacancies at the Company's corporate office building.

Interest income for the third quarter of 2018 was approximately $36,000 as compared with approximately $54,000 for the same period in 2017, a decrease of approximately $18,000 or 33.3%. Interest income is derived from investments in both short-term and long-term certificated of deposit.

Other revenues for third quarter of 2018 were approximately $10,000 as compared with approximately $54,000 for the same period in 2017, a decrease of approximately $44,000 or 81.5%. The decrease is due primarily to non-recurring promotion income and professional service fees earned in 2017.

Lease operating expenses in the third quarter of 2018 were $368,000 as compared to $392,000 in the third quarter of 2017, a net decrease of approximately $24,000, or 6.1%. Approximately $25,000 of the decrease is due to a net decrease in operating expenses billed by third-party operators on non-operated properties, as well as an approximate $15,000 decrease in net workovers. This combined decrease is offset by an increase of approximately $25,000 related to new wells acquired since the third quarter of 2017. The remaining change of $9,000 represents net increases and decreases on various properties due to general price fluctuations and levels of operation activity.

Production taxes, gathering, transportation and marketing expenses for the third quarter of 2018 were approximately $120,000 as compared to $81,000 during the third quarter of 2017, a net increase of approximately $39,000 or 48.2%. The increase is due to commensurate increases in pricing and revenue, as well as the addition of operated and non-operated properties acquired since the third quarter of 2017.

Pipeline and rental expenses for the third quarter of 2018 were $6,000 compared to $22,000 for the same time period in 2017, a decrease of approximately $16,000. This increase is due primarily to $13,000 of compressor repairs in the third quarter of 2017.

Real estate expenses during the third quarter 2018 were approximately $41,000 compared to approximately $36,000 for the same period in 2017, an increase of approximately $5,000 or 13.9%.

Depreciation, depletion, and amortization expenses for the third quarter of 2018 were $141,000 as compared to $274,000 for the same period in 2017, a decrease of $133,000, or 48.5%. $126,000 of the amount for the third quarter of 2018 was for amortization of the full cost pool of capitalized costs compared to $259,000 for the third quarter of 2017, a decrease of $133,000 or 51.4%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2017. This re-evaluated reserve base was adjusted for the first nine months as of September 30, 2018 by estimating variances in average prices of oil and natural gas that occurred during the period, adding estimated quantities of oil and natural gas reserves acquired during the period, and deducting oil and natural gas reserves that were produced or sold during the period. A depletion rate of 2.636% for the first quarter of 2018, a depletion rate of 3.320% for the second quarter, and a depletion rate of 2.751% for the third quarter of 2018 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.186%, 4.130%, and 4.295% for the first three quarters of 2017 respectively.

Asset Retirement Obligation ("ARO") expense for the third quarter of 2018 was approximately $9,000 as compared to approximately $9,000 for the same time period in 2017.

General and administrative expenses for the third quarter of 2018 were $619,000 compared to $503,000 for the same period in 2017, an increase of approximately $116,000 or 23.1%. This increase is due to small increase in the number of personnel employed by the Company compared to the same period in 2017. This increase in personnel caused an increase in related salary, payroll taxes, benefits and other direct employee costs. Health insurance costs, included in direct employee costs, also experienced a dramatic increase in the first nine months of 2018 compared to the same period in 2017.

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

(a) As of the end of the period covered by this report, Spindletop Oil & Gas Co. carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Principal Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 and 15d-15. Based upon the evaluation, the Company's Principal Executive Officer and Principal Financial and Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by the report.

(b) There have been no changes in the Company's internal controls over financial reporting during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Part II – Other Information

Item 5. – Other Information

North Texas

During the quarter ended September 30, 2018, but effective June 1, 2018, the Company acquired additional working interests totaling 3.0% with net revenue interests of 2.25% in the Company's Olex wells located in Denton County, Texas. This acquisition brought the Company's interests in the wells to total working interests of 56.33% to 59.50% with net revenue interests of 42.25% to 44.625%.

Oklahoma

During the quarter ended September 30, 2018, but effective June 1, 2018, the Company sold its 18.75% non-operated working interest in an 80 acre tract of land located in Grady County, Oklahoma. The Company is pursuing Section 1031-Like Kind Exchange treatment for the proceeds from this transaction and has not calculated the income tax implications of the divestiture.

Item 6. - Exhibits

The following exhibits are filed herewith or incorporated by reference as indicated.

Exhibit Designation	Exhibit Description
3.1 (a)	Amended Articles of Incorporation of Spindletop Oil & Gas Co. (Incorporated by reference to Exhibit 3.1 to the General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
3.2	Bylaws of Spindletop Oil & Gas Co. (Incorporated by reference to Exhibit 3.2 to the General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
31.1 *	Certification pursuant to Rules 13a-14 and 15d under the Securities Exchange Act of 1934.
31.2 *	Certification pursuant to Rules 13a-14 and 15d under the Securities Exchange Act of 1934.
32.1 *	Certification pursuant to 18 U.S.C. Section 1350.

* filed herewith

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: November 14, 2018	By: /s/ Chris G. Mazzini Chris G. Mazzini President, Principal Executive Officer
Date: November 14, 2018	By: /s/ Michelle H. Mazzini Michelle H. Mazzini Vice President, Secretary
Date: November 14, 2018	By: /s/ Robert E. Corbin Robert E. Corbin Controller, Principal Financial and Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Chris G. Mazzini, certify that:

1. I have reviewed this report on Form 10-Q of Spindletop Oil & Gas Co.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 13-15(e) and 15d-15e) and have internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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.

Dated: November 14, 2018

/s/ Chris G. Mazzini
CHRIS G. MAZZINI
President, Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Robert E. Corbin, certify that:

1. I have reviewed this report on Form 10-Q of Spindletop Oil & Gas Co.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 13-15(e) and 15d-15e) and have internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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.

Dated: November 14, 2018

/s/ Robert E. Corbin
ROBERT E. CORBIN
Controller, Principal Financial and
Accounting Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Spindletop Oil & Gas Co. (the "Company"), on Form 10-Q for the quarter ended September 30, 2018 as filed with the Securities Exchange Commission on the date hereof (the "Report"), the undersigned Principal Executive Officer and Principal Financial and Accounting Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: November 14, 2018

/s/ Chris G. Mazzini
CHRIS G. MAZZINI
President, Principal Executive Officer

/s/ Robert E. Corbin
ROBERT E. CORBIN
Controller, Principal Financial and
Accounting Officer