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 June 30, 2020

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)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SPND	OTC Markets - Pink

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	6,755,318
(Class)	(Outstanding at August 19, 2020)

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q
For the quarter ended June 30, 2020

Index to Consolidated Financial Statements and Schedules

Part I - Financial Information

Item 1. - Financial Statements

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 7,336,000	$ 15,229,000
Restricted cash	795,000	795,000
Accounts receivable	2,229,000	3,190,000
Income tax receivable	256,000	83,000
Total Current Assets	10,616,000	19,297,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	27,084,000	26,938,000
Rental equipment	412,000	412,000
Gas gathering system	115,000	115,000
Other property and equipment	315,000	315,000
	27,926,000	27,780,000
Accumulated depreciation and amortization	(25,771,000)	(25,664,000)
Total Property and Equipment	2,155,000	2,116,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,624,000	1,580,000
Accumulated depreciation	(1,020,000)	(992,000)
Total Real Estate Property	1,292,000	1,276,000
Other Assets		
Deferred Income Tax Asset	51,000	56,000
Other long-term investments	9,150,000	1,150,000
Other	3,000	3,000
Total Other Assets	9,204,000	1,209,000
Total Assets	$ 23,267,000	$ 23,898,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS Co. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2020 (Unaudited)	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 5,692,000	$ 6,005,000
Notes payable, Paycheck Protection Program	403,000	-
Total Current Liabilities	6,095,000	6,005,000
Noncurrent Liabilities		
Asset retirement obligation	1,449,000	1,408,000
Total Noncurrent Liabilities	1,449,000	1,408,000
Deferred Income Tax Payable	-	-
Total Liabilities	7,544,000	7,413,000
Shareholders' Equity		
Common stock, $.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,755,318 and 6,809,602 shares outstanding at June 30, 2020 and at December 31, 2019.	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury stock, at cost	(1,874,000)	(1,806,000)
Retained earnings	16,577,000	17,271,000
Total Shareholders' Equity	15,723,000	16,485,000
Total Liabilities and Shareholders' Equity	$ 23,267,000	$ 23,898,000

The accompanying notes are an integral part of these statements.

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2020	2019	2020	2019
Revenues				
Oil and gas revenues	$ 1,092,000	$ 2,375,000	$ 348,000	$ 1,210,000
Revenues from lease operations	119,000	187,000	44,000	132,000
Gas gathering, compression, equipment rental	45,000	66,000	18,000	33,000
Real estate rental revenue	134,000	119,000	70,000	59,000
Interest Income	103,000	113,000	59,000	42,000
Other revenues	19,000	22,000	9,000	11,000
Total Revenues	1,512,000	2,882,000	548,000	1,487,000
Expenses				
Lease operating expenses	462,000	821,000	170,000	493,000
Production taxes, gathering and marketing expenses	256,000	388,000	122,000	194,000
Pipeline and rental expenses	4,000	19,000	1,000	16,000
Real estate expenses	67,000	72,000	29,000	33,000
Depreciation and amortization expenses	135,000	270,000	34,000	148,000
ARO accretion expense	60,000	94,000	30,000	47,000
General and administrative expenses	1,391,000	1,491,000	669,000	783,000
Total Expenses	2,375,000	3,155,000	1,055,000	1,714,000
(Loss) Before Income Tax	(863,000)	(273,000)	(507,000)	(227,000)
Current income tax (benefit)	(174,000)	(20,000)	(113,000)	(24,000)
Deferred income tax provision (benefit)	5,000	(151,000)	28,000	(80,000)
Total income tax (benefit)	(169,000)	(171,000)	(85,000)	(104,000)
Net (Loss)	$ (694,000)	$ (102,000)	$ (422,000)	$ (123,000)
Earnings (Loss) per Share of Common Stock				
Basic and Diluted	$ (0.10)	$ (0.01)	$ (0.06)	$ (0.02)
Weighted Average Shares Outstanding				
Basic and Diluted	6,787,044	6,809,602	6,764,487	6,809,602

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the Six Months Ended June 30, 2020, and 2019
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings
Balance December 31, 2019	7,677,471	$ 77,000	$ 943,000	867,869	$ (1,806,000)	$ 17,271,000
Net Loss	-	-	-	-	-	(272,000)
Balance March 31, 2020	7,677,471	$77,000	$943,000	867,869	($1,806,000)	$16,999,000
Purchase of 54,284 shares Common Stock as Treasury Stock				54,284	(67,855)	
Net (Loss)						(422,000)
Balance June 30, 2020	7,677,471	$77,000	$943,000	922,153	($1,873,855)	$16,577,000

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings
Balance December 31, 2018	7,677,471	$ 77,000	$ 943,000	867,869	$ (1,806,000)	$ 17,917,000
Net Income						21,000
Balance March 31, 2019	7,677,471	$ 77,000	$ 943,000	867,869	$ (1,806,000)	$ 17,938,000
Net (Loss)						(123,000)
Balance June 30, 2019	7,677,471	$ 77,000	$ 943,000	867,869	$ (1,806,000)	$ 17,815,000

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, 2020	June 30, 2019
Cash Flows from Operating Activities		
Net (Loss)	$ (694,000)	$ (102,000)
Reconciliation of net (Loss) to net cash provided by operating activities		
Depreciation and amortization	135,000	270,000
Accretion of asset retirement obligation	60,000	94,000
Changes in accounts receivable	711,000	(135,000)
Changes in income tax receivable	(173,000)	(20,000)
Changes in accounts payable and accrued liabilities	(313,000)	521,000
Changes in deferred Income tax asset	5,000	-
Changes in deferred Income tax payable	-	(151,000)
Changes in other assets	-	-
Net cash provided (used) for operating activities	(269,000)	477,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development	(165,000)	(231,000)
Purchase of other property and equipment	-	(7,000)
Changes in Other long-term investments	(8,000,000)	-
Proceeds from sale of oil and gas properties	250,000	-
Capitalized tenant improvements and broker fees	(44,000)	-
Net cash (used) for investing activities	(7,959,000)	(238,000)
Cash Flows from Financing Activities		
Changes in notes payable	403,000	-
Purchase of 54,284 shares of treasury stock	(68,000)	-
Net cash used for financing activities	335,000	-
Increase (Decrease) in cash, cash equivalents, and restricted cash	(7,893,000)	239,000
Cash, cash equivalents, and restricted cash at beginning of period	16,024,000	14,399,000
Cash, cash equivalents, and restricted cash at end of period	$ 8,131,000	$ 14,638,000

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, 2019 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 (“SDC”), 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.

2. COMMON STOCK

Effective April 6, 2020, and June 20, 2020, the Company repurchased 45,036 shares and 9,248 shares of its common stock as from a non-controlling, unaffiliated shareholder of the Company for a negotiated purchase price of $56,295 and $11,560 respectively, or $1.25 per share. The repurchased shares are held as Treasury Stock.

3. NOTES PAYABLE

On May 1, 2020, the Company was granted a loan (the “Loan”) in the amount of $402,573 pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020.

The Loan, which is in the form of a note dated April 9, 2020 issued by the Company, matures twenty-four months from the date of the note and bears interest at the rate of 0.98% per annum, payable monthly commencing on November 9, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The PPP provides that loan and accrued interest may be forgiven after either an eight week period or a twenty-four week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Under the CARES Act, the amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the period set forth in the CARES Act. It is our understanding that the Company’s lender has not begun accepting applications for loan forgiveness from borrowers who received loans at the same time we did.

The Company believes it has used the loan proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds should meet the conditions for forgiveness of at least a portion of the loan, we cannot assure you that the Company will be eligible for forgiveness of the loan, in whole or in part.

Subsequent Events

Management has evaluated subsequent events through August 19, 2020, the date on which the financial statements were available to be issued.

On July 23, 2020, SDC received notice of service of process from its registered agent in Louisiana of a lawsuit filed in Louisiana against SDC and multiple other oil and gas companies alleging a pollution claim for properties operated by the defendants. SDC plans to file an answer and defend itself.

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.

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 changes to the risk factors previously described in the Company’s Form 10-K. for the fiscal year ended December 31, 2019 (the “Form 10-K”), including significant global economic and pandemic factors occurring during the first quarter of 2020 and continuing into the second quarter of 2020 which are described in the following two paragraphs.

At the end of 2019, a novel strain of coronavirus (“COVID-19”) was reported in China. In the first quarter of 2020 and continuing currently, COVID-19 has spread to other countries including the U.S. This pandemic has drastically weakened the global demand for oil, putting unprecedented pressure on the price of oil. In addition, the delay through the end of the first quarter of 2020 of the Organization of Petroleum Exporting Countries and Russia to agree on production cuts, caused oil prices to drop dramatically in the first quarter of 2020 to as low as $6.00 per barrel which is approximately one-tenth of the oil price at the beginning of 2020. Additionally, during the second quarter of 2020, for the first time ever, the price of a barrel of oil plunged below zero dollars on the West Texas Intermediate Crude Index going as low as negative $37.63 due to concerns about dwindling capacity to store all the crude oil produced in excess of demand.

During the first half of 2020 and continuing subsequent to the end of the quarter, attempts at containment of COVID-19 have resulted in decreased economic activity which has adversely affected the broader global economy. As the economy dramatically stalled, the demand for oil and natural gas substantially weakened. Many countries around the world, as well as the majority of the states in the United States, ordered their citizens to stay home in order to contain the spread of the virus. As part of the “shelter in place” and “stay at home” orders in effect during the first half of the year, fewer businesses than normal are open, less people are traveling to work, and more people are working from home which has reduced the demand for oil and natural gas. Airlines have dramatically cut back on flights as the number of passengers has fallen off. Fewer cars on the road and planes in the sky mean far less demand for oil. At this time, the full extent to which COVID-19 will negatively impact the global economy and our business is uncertain, but pandemics or other significant public health events will most likely have a material adverse effect on our business and results of operations.

The Company has felt the negative effects of these plummeting product prices and implemented cost cutting measures including temporary company-wide reductions in compensation for Company employees, including key and technical employees and officers, effective April 1, 2020. To further reduce expenses, the Company temporarily shut in wells that were not profitable when commodity prices plummeted. The Company is forecasting that oil and natural gas prices will remain lower than 2019 prices through the end of 2020, which the Company believes may cause an operating loss for all of 2020 in spite of the Company’s cost cutting measures. Operating losses are very likely to continue until oil and natural gas prices return to substantially higher levels on a continued basis.

Other 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

Six months ended June 30, 2020 compared to six months ended June 30, 2019

Oil and gas revenues for the first six months of 2020 were $1,092,000, as compared to $2,375,000 for the same period in 2019, a decrease of approximately $1,283,000 or 54.0%

Oil sales for the first six months of 2020 were approximately $608,000 compared to approximately $1,350,000 for the first six months of 2019, a decrease of approximately $742,000 or 55.0%. Oil sales volumes for the first six months of 2020 were approximately 12,300 bbls, compared to approximately 20,400 bbls during the same period in 2019, a decrease of approximately 8,100 bbls, or 39.7%.

Average oil prices received were $38.78 per bbl in the first half of 2020 compared to $54.67 per bbl in the first half of 2019, a decrease of approximately $15.89 per bbl or 29.1%.

Natural gas revenue for the first six months of 2020 was $484,000 compared to $1,025,000 for the same period in 2019, a decrease of approximately $541,000 or 52.8%. Natural gas sales volumes for the first six months of 2020 were approximately 392,000 mcf compared to approximately 445,000 mcf during the first six months of 2019, a decrease of approximately 53,000 mcf or 11.9%.

Average gross natural gas prices received were $1.23 per mcf in the first six months of 2020 as compared to $2.30 per mcf in the same time period in 2019, a decrease of approximately $1.07 per mcf or 46.5%.

In general, revenues from oil and gas producing operations experienced a significant decrease for the six months ended 2020 compared to the same period in 2019. In addition, the second quarter results from operations also experienced a significant decline over the same period in 2019 as well as a decline from operations during the first quarter of 2020. The declines result in part from decreased oil and gas prices, as well as production declines. A significant number of both operated wells and non-operated wells were shut-in during the second quarter of 2020 due to the low oil and gas prices. Operators shut in wells, where practicable, waiting for the low oil prices to rebound. Prices have rebounded slightly, but not to pre second quarter 2019 levels.

Revenues from lease operations were $119,000 in the first six months of 2020 compared to $187,000 in the first six months of 2019, a decrease of approximately $68,000 or 36.4%. This decrease is due to a reduction in field supervision charges. Revenues from lease operations are derived from field supervision charged to operated leases along with operator overhead charged to operated leases.

Revenues from gas gathering, compression and equipment rental for the first six months of 2020 were $45,000 compared to $66,000 for the same period in 2019, a decrease of approximately $21,000 or 31.8%. These revenues are derived from gas volumes produced and transported through our gas gathering systems.

Real estate revenue was approximately $134,000 during the first six months of 2020 compared to $119,000 for the first six months of 2019, an increase of approximately $15,000, or 12.6%. The increase is due to new office leases signed during the period.

Interest income was $103,000 during the first six months of 2020 as compared to $113,000 during the same period in 2019, a decrease of approximately $10,000 or 8.9%. Interest income is due to the Company investing its funds in both long-term and short-term certificates of depository accounts paying higher rates of interest than those received in money market accounts.

Other revenues for the first six months of 2020 were $19,000 as compared to $22,000 for the same time period in 2019, a decrease of approximately $3,000 or 13.6%.

Lease operating expenses in the first six months of 2020 were $462,000 as compared to $821,000 in the first six months of 2019, a net decrease of $359,000, or 43.7%. Of this net decrease, approximately $53,000 is due in part to net decreases in operating expenses billed by third-party operators on non-operated properties that were shut in during the second quarter of 2020. The remaining net decrease of approximately $306,000 represents overall increases and decreases in well expenditures on various operated properties.

Production taxes, gathering and marketing expenses in the first six months of 2020 were approximately $256,000 as compared to $388,000 for the first six months of 2019, a decrease of approximately $132,000, or 34.0%. This decrease relates directly to the decrease in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the first six months of 2020 were $4,000 compared to $19,000 for the same time period in 2019, a decrease of approximately $15,000 or 79.0%. The decrease in 2020 is due to non-recurring repair and maintenance expenses in the first half of 2019.

Real estate expenses in the first six months of 2020 were approximately $67,000 compared to $72,000 during the same period in 2019, a decrease of approximately $5,000 or 6.9%.

Depreciation, depletion, and amortization expenses for first six months of 2020 were $135,000 as compared to $270,000 for the same period in 2019, a decrease of $135,000, or 50.0%. $105,000 of the amount for the first six months of 2020 was for amortization of the full cost pool of capitalized costs compared to $239,000 for the same period of 2019, a decrease of $134,000 or 56.1%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2019. This re-evaluated reserve base was reduced for oil and gas reserves that were produced or sold during the first six months of 2020 and adjusted for newly acquired reserves or for changes in estimated production curves and future price assumptions. A depletion rate of 4.184% for the first quarter of 2020 and a depletion rate of 0.813% for the second quarter of 2020 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.191% and 3.554% for the first two quarters of 2019 respectively.

Asset Retirement Obligation ("ARO") expense for the first six months of 2020 was approximately $60,000 as compared to approximately $94,000 for the same time period in 2019, a decrease of approximately $34,000 or 36.2%. The ARO expense is calculated to be the discounted present value of the estimated future cost to plug and abandon the Company's producing wells.

General and administrative expenses for the first six months of 2020 were approximately $1,391,000 as compared to approximately $1,491,000 for the same time period of 2019, a decrease of approximately $100,000 or 6.7%. The decrease is from reduced salary, wages, other personnel costs, and reduced office, computer, and other expenses.

Three months ended June 30, 2020 compared to three months ended June 30, 2019

Oil and natural gas revenues for the three months ended June 30, 2020 were $348,000, compared to $1,210,000 for the same time period in 2019, a decrease of $862,000, or 71.2%, due to low oil prices and the shutting in of production during the second quarter of 2020.

Oil sales for the second quarter of 2020 were approximately $118,000 compared to approximately $734,000 for the same period of 2019, a decrease of approximately $616,000 or 83.9%. Oil volumes sold for the second quarter of 2020 were approximately 3,200 bbls compared to approximately 10,200 bbls during the same period of 2019, a decrease of approximately 7,000 bbl or 68.6%.

Average oil prices received were approximately $23.46 per bbl in the second quarter of 2020 compared to $54.67 per bbl during the same period of 2019, a decrease of approximately $31.21 per bbl, or 57.1%.

Natural gas revenues for the second quarter of 2020 were $230,000 compared to $476,000 for the same period in 2019, a decrease of $246,000 or 51.7%. Natural gas volumes sold for the second quarter of 2020 were approximately 190,000 mcf compared to approximately 237,000 mcf during the same period of 2019, a decrease of approximately 47,000 mcf, or19.8%.

Average gross natural gas prices received were approximately $1.06 per mcf in the second quarter of 2020 as compared to approximately $2.10 per mcf during the same period in 2019, a decrease of approximately $1.04 or 49.5%.

Revenues from lease operations for the second quarter of 2020 were approximately $44,000 compared to approximately $132,000 for the second quarter of 2019, a decrease of approximately $88,000 or 66.7%. This decrease is due to a reduction in field supervision charges. Revenues from lease operations are derived from field supervision charged to operated leases along with operator overhead charged to operated leases.

Revenues from gas gathering, compression and equipment rental for the second quarter of 2020 were approximately $18,000, compared to approximately $33,000 for the same period in 2019, a decrease of approximately $15,000 or 45.5%. These revenues are derived from gas volumes produced and transported through our gas gathering systems.

Real estate revenue was approximately $70,000 during the second quarter of 2020 compared to $59,000 for the same time period in 2019. The increase is due to higher rental rates and new office leases signed during the period.

Interest income for the second quarter of 2020 was approximately $59,000 as compared with approximately $42,000 for the same period in 2019, an increase of approximately $17,000 or 40.5%. 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 second quarter of 2020 were approximately $9,000 as compared with approximately $11,000 for the same period in 2019, a decrease of approximately $2,000 or 18.2%.

Lease operating expenses in the second quarter of 2020 were $170,000 as compared to $493,000 in the second quarter of 2019, a net decrease of approximately $323,000, or 65.5%. Of this net decrease, approximately $ 251,000 is from overall decreases in well expenditures on various operated properties, offset by a $72,000 reduction in net operating expenses billed by third-party operators on non-operated properties

Production taxes, gathering, transportation and marketing expenses for the second quarter of 2020 were approximately $122,000 as compared to $194,000 during the second quarter of 2019, a net decrease of approximately $72,000 or 37.1%. These decreases relate directly to the decrease in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the second quarter of 2020 were $1,000 compared to $16,000 for the same time period in 2019, a decrease of approximately $15,000, or 93.8%. The decrease in 2020 is due to non-recurring repair and maintenance expenses incurred in the second quarter of 2019.

Real estate expenses during the second quarter 2020 were approximately $29,000 compared to approximately $33,000 for the same period in 2019, a decrease of approximately $4,000 or 12.1%.

Depreciation, depletion, and amortization expenses for the second quarter of 2020 were $34,000 as compared to $148,000 for the same period in 2019, a decrease of $114,000, or 77.0%. $19,000 of the amount for the second quarter of 2020 was for amortization of the full cost pool of capitalized costs compared to $132,000 for the second quarter of 2019, a decrease of $113,000 or 85.6%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2019. This re-evaluated reserve base was reduced for oil and gas reserves that were produced or sold during the first six months of

2020 and adjusted for newly acquired reserves or for changes in estimated production curves and future price assumptions. A depletion rate of 4.184% for the first quarter of 2020 and a depletion rate of 0.813% for the second quarter of 2020 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.191% and 3.554% for the first two quarters of 2019 respectively

Asset Retirement Obligation ("ARO") expense for the second quarter of 2020 was approximately $30,000 as compared to approximately $47,000 for the same time period in 2019, a decrease of approximately $17,000 or 36.2%. The ARO expense is calculated to be the discounted present value of the estimated future cost to plug and abandon the Company's producing wells.

General and administrative expenses for the second quarter of 2020 were $669,000 compared to $783,000 for the same period in 2019, a decrease of approximately $114,000 or 14.6%. The decrease comes from decreased salary, wages, and other personnel costs, as well as decreases in office, computer, and other expenses.

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. The Company is operating at a loss and projects to continue to operate at a deficient through the end of the year unless oil and natural gas prices rebound substantially. 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 June 30, 2020 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

Effective March 1, 2020, the Company acquired additional working interests of 3.281% with a net revenue interest of 2.567% in its operated Weise 28-1 well located in Wheeler Co., Texas. The acquisition brings the Company's total working interest in the well to 36.446% with a net revenue interest of 29.187%.

Effective May 1, 2020, the Company acquired additional working interest of 6.05% with a net revenue interest of 4.84% in its operated Opal #1 well located in Martin Co., Texas. The acquisition brings the Company's total working interest in the well to 61.908% with a net revenue interest of 49.527%.

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: August 19, 2020

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

Date: August 19, 2020

By: /s/ Michelle H. Mazzini
Michelle H. Mazzini
Vice President, Secretary and Treasurer

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: August 19, 2020

/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: August 19, 2020

/s/ Robert E. Corbin
ROBERT E. CORBIN
Principal Financial 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 June 30, 2020 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: August 19, 2020

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

/s/ Robert E. Corbin
ROBERT E. CORBIN
Principal Financial Officer