

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2022**

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**

(IRS Employer  
Identification No.)

**12850 Spurling Rd., Suite 200, Dallas, TX**

(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

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.01 par value**

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

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

Indicate by check mark whether the registrant 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 during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

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

**(APPLICABLE ONLY TO CORPORATE REGISTRANTS)**

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**  
(Class)

**6,755,318**  
(Outstanding at May 23, 2022)

**DOCUMENTS INCORPORATED BY REFERENCE**

**None**

**SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES**

**FORM 10-Q**

**For the quarter ended March 31, 2022**

**Index to Consolidated Financial Statements and Schedules**

	Page
Part I – Financial Information:	
Item 1. – Financial Statements	
Consolidated Balance Sheets March 31, 2022 (Unaudited) and December 31, 2021	4 - 5
Consolidated Statements of Operations (Unaudited) Three Months Ended March 31, 2022 and 2021	6
Consolidated Statements of Changes in Shareholders' Equity (Unaudited) Three Months Ended March 31, 2022 and Three Months Ended March 31, 2021	7
Consolidated Statements of Cash Flow (Unaudited) Three Months Ended March 31, 2022 and Three Months Ended March 31, 2021	8
Notes to Consolidated Financial Statements	9
Item 2. – Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 4. – Controls and Procedures	14
Part II – Other Information:	
Item 5. – Other Information	14
Item 6. – Exhibits	15

**Part I - Financial Information**

**Item 1. - Financial Statements**

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

	March 31, 2022 (Unaudited)	December 31, 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,718,000	\$ 10,673,000
Restricted cash	370,000	370,000
Accounts receivable, related parties	564,000	-
Accounts receivable	3,567,000	3,104,000
Prepaid Expenses	-	-
Intercompany	-	-
Income tax receivable	389,000	450,000
Total Current Assets	<u>13,608,000</u>	<u>14,597,000</u>
<b>Property and Equipment - at cost</b>		
Oil and gas properties (full cost method)	25,757,000	26,305,000
Rental equipment	412,000	412,000
Gas gathering system	115,000	115,000
Other property and equipment	395,000	317,000
	26,679,000	27,149,000
Accumulated depreciation and amortization	<u>(26,127,000)</u>	<u>(26,127,000)</u>
Total Property and Equipment	<u>552,000</u>	<u>1,022,000</u>
<b>Real Estate Property - at cost</b>		
Land	688,000	688,000
Commercial office building	1,624,000	1,624,000
Accumulated depreciation	<u>(1,118,000)</u>	<u>(1,102,000)</u>
Total Real Estate Property	<u>1,194,000</u>	<u>1,210,000</u>
<b>Other Assets</b>		
Deferred Income Tax Asset	271,000	311,000
Other long-term investments	11,600,000	8,941,000
Other	4,000	4,000
Total Other Assets	<u>11,875,000</u>	<u>9,256,000</u>
<b>Total Assets</b>	<u>\$ 27,229,000</u>	<u>\$ 26,085,000</u>

The accompanying notes are an integral part of these statements.

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

	March 31, 2022 (Unaudited)	December 31, 2021
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 8,113,000	\$ 7,601,000
Total Current Liabilities	8,113,000	7,601,000
<b>Noncurrent Liabilities</b>		
Asset retirement obligation	2,048,000	1,925,000
Total Noncurrent Liabilities	2,048,000	1,925,000
<b>Total Liabilities</b>	10,161,000	9,526,000
<b>Shareholders' Equity</b>		
Common stock, \$.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,755,318 outstanding at March 31, 2022 and at December 31, 2021.		
	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury stock, at cost	(1,874,000)	(1,874,000)
Retained earnings	17,922,000	17,413,000
Total Shareholders' Equity	17,068,000	16,559,000
<b>Total Liabilities and Shareholders' Equity</b>	\$ 27,229,000	\$ 26,085,000

The accompanying notes are an integral part of these statements.

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

	Three Months Ended ,	
	March 31 , 2022	March 31 , 2021
<b>Revenues</b>		
Oil and gas revenues	\$ 1,672,000	\$ 894,000
Revenue from lease operations	44,000	57,000
Gas gathering, compression, equipment rental	18,000	34,000
Real estate rental income	53,000	59,000
Interest Income	25,000	46,000
Other	12,000	9,000
Total Revenues	1,824,000	1,099,000
<b>Expenses</b>		
Lease operations	244,000	123,000
Production taxes, gathering and marketing	181,000	129,000
Pipeline and rental operations	2,000	3,000
Real estate operations	38,000	32,000
Depreciation and amortization	17,000	119,000
ARO accretion expense	143,000	35,000
General and administrative	590,000	537,000
Total Expenses	1,215,000	978,000
Income Before Income Tax	609,000	121,000
Current income tax provision	60,000	17,000
Deferred income tax provision	40,000	7,000
Total income tax provision	100,000	24,000
Net Income	\$ 509,000	\$ 97,000
<b>Earnings per Share of Common Stock</b>		
Basic and diluted	\$ 0.08	\$ 0.01
<b>Weighted Average Shares Outstanding</b>		
Basic and diluted	6,755,318	6,755,318

The accompanying notes are an integral part of these statements.

**SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the Three Months Ended March 31, 2022 and March 31, 2021**  
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings
Balance December 31, 2021	7,677,471	\$77,000	\$943,000	922,153	(\$1,874,000)	\$17,413,000
Net Income	-	-	-	-	-	509,000
Balance March 31, 2022	<u>7,677,471</u>	<u>77,000</u>	<u>943,000</u>	<u>922,153</u>	<u>(1,874,000)</u>	<u>17,922,000</u>
Balance December 31, 2020	7,677,471	\$77,000	\$943,000	922,153	(\$1,874,000)	\$16,376,000
Net Income	-	-	-	-	-	97,000
Balance March 31, 2021	<u>7,677,471</u>	<u>77,000</u>	<u>943,000</u>	<u>922,153</u>	<u>(1,874,000)</u>	<u>16,473,000</u>

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, 2022	March 31, 2021
<b>Cash Flows from Operating Activities</b>		
Net Income	\$ 509,000	\$ 97,000
Reconciliation of net Income to net cash provided by operating activities		
Depreciation and amortization	17,000	119,000
Accretion of asset retirement obligation	143,000	35,000
Changes in accounts receivable, related party	(564,000)	-
Changes in accounts receivable	(463,000)	(182,000)
Changes in income tax receivable	61,000	17,000
Changes in accounts payable and accrued liabilities	512,000	249,000
Changes in deferred Income tax asset	40,000	-
Changes in other assets	-	7,000
Net cash provided for operating activities	<u>255,000</u>	<u>342,000</u>
<b>Cash Flows from Investing Activities</b>		
Capitalized acquisition, exploration and development	527,000	(11,000)
Purchase of other property and equipment	(77,000)	-
Changes in other long-term investments	(2,659,000)	(41,000)
Capitalized tenant improvements and broker fees	(1,000)	(5,000)
Net cash (used) for investing activities	<u>(2,210,000)</u>	<u>(57,000)</u>
<b>Cash Flows from Financing Activities</b>		
Changes in notes payable	-	403,000
Net cash used for financing activities	<u>-</u>	<u>403,000</u>
Increase (Decrease) in cash, cash equivalents, and restricted cash	(1,955,000)	688,000
Cash, cash equivalents, and restricted cash at beginning of period	<u>11,043,000</u>	<u>7,775,000</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 9,088,000</u>	<u>\$ 8,463,000</u>

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, 2021, 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.

**2. CONTINGENCIES**

On July 23, 2020, a subsidiary of the Company received notice of a lawsuit filed in Louisiana against the Company's subsidiary and numerous other oil and gas companies alleging a pollution claim for properties operated by the defendants in Louisiana, and the Company's subsidiary filed an answer. The Plaintiffs filed a First Supplemental and Amending Petition for Damages on January 21, 2021. The litigation is currently in the discovery phase. Management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of contingencies for litigation. The Company will continue to defend its subsidiary vigorously in this matter.

Subsequent Events

The Company has evaluated subsequent events through May 23, 2022, the date on which the financial statements were available to be issued.

Effective January 1, 2022, the Company sold its interest in two operated natural gas wells and two shut-in wells along with its associated leasehold acreage located in Hood County, Texas, to Giant NRG Co., LP, a related entity. The terms of the transaction are no less favorable than could be obtained from unaffiliated third parties and have been approved by a majority of our Board of Directors.

## **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, 2021 (the "Form 10-K"), including significant global economic and pandemic factors occurring during the first quarter of 2021 and continuing into the second quarter of 2021 which are described in the following two paragraphs.

The COVID-19 pandemic and the measures being taken to address and limit the spread of the virus adversely affected the economies and financial markets of the world, resulting in an economic downturn beginning in early 2020 that negatively impacted global demand and prices for crude oil and condensate, natural gas liquids (NGLs) and natural gas. The effects of COVID-19 mitigation efforts, including the wide availability of vaccines, combined with the waning intensity of the pandemic, have resulted in increased demand and prices for crude oil and condensate. During 2021, the demand and prices for crude oil and condensate returned to pre-pandemic levels, but uncertainty related to COVID-19 may continue to cause a fluctuation in demand and prices for crude oil and condensate. The continuing COVID-19 pandemic, related economic repercussions, and any future outbreak of any other highly infectious or contagious diseases may negatively affect the Company, our financial condition, results of operations, and cash flows. However, the duration and extent of the impact of the COVID-19 pandemic on the Company and our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, is uncertain and depends on various factors that we cannot predict or quantify, including: the severity and duration of the pandemic; governmental, business and other actions in response to the pandemic; the impact of the pandemic on economic activity; the response of the overall economy and the financial markets; the demand for oil and natural gas, which may be reduced on a prolonged or permanent

basis due to a structural shift in the global economy or in connection with a global recession or depression; any impairment in the value of the Company's assets which could be recorded as a result of a weaker economic conditions or commodity prices. There are no comparable recent events that provide guidance as to the effect the COVID-19 pandemic may have, and as a result, the ultimate impact of the pandemic is highly long-term uncertain and subject to change.

Rising inflation and other uncertainties regarding the global economy, financial environment, and global conflict 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. 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.

A negative shift in some of the public's attitudes toward the oil and natural gas industry could adversely affect the Company's ability to raise debt and equity capital. Certain segments of the investment community have developed negative sentiments about investing in the oil and natural gas industry. Equity returns in the sector versus other industry sectors from 2020 and the first three quarters of 2021 led to lower oil and natural gas representation in certain key equity market indices. In addition, some investors, including investment advisors and certain wealth funds, pension funds, university endowments and family foundations, have stated policies to disinvest in the oil and natural gas sector based on their social and environmental considerations. Certain other stakeholders have also pressured commercial and investment banks to halt financing oil and natural gas production and related infrastructure projects. Such developments, including environmental, social and governance ("ESG") activism and initiatives aimed at limiting climate change and reducing air pollution, could result in downward pressure on the stock prices of oil and natural gas companies. The Company's stock price could be adversely affected by these developments. This may also potentially result in a reduction of available capital funding for potential development projects, impacting the Company's future financial results.

The Company faces various risks associated with increased negative attitudes toward oil and natural gas exploration and development activities. Opposition to oil and natural gas drilling and development activities has been growing globally and is expanding in the United States. Companies in the oil and natural gas industry are often the target of efforts from both individuals and nongovernmental organizations regarding safety, human rights, climate change, environmental matters, sustainability, and business practices. Anti-development groups are working to reduce access to federal and state government lands and delay or cancel certain operations such as drilling and development along with other activities. Opposition to oil and

natural gas activities could materially and adversely impact the Company's ability to operate our business and raise capital.

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 factors that may affect the demand for oil and natural gas, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns; increased competitiveness of, or government policy support for, alternative energy sources; changes in technology that alter fuel choices, such as technological advances in energy storage that make wind and solar more competitive for power generation; changes in consumer preferences for our products, including consumer demand for alternative fueled or electric transportation or alternatives to plastic products; and broad-based changes in personal income levels.

Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand.

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**

### Three months ended March 31, 2022 compared to the three months ended March 31, 2021

Oil and gas revenues for the first quarter of 2022 were \$1,672,000, as compared to \$894,000 for the same period in 2021, an increase of approximately \$778,000 or 87.0%.

Oil sales for the first three months of 2022 were approximately \$865,000 compared to approximately \$422,000 in the first quarter of 2021, an increase of approximately \$443,000 or 105.0%. Of this net increase in oil sales, volumes for the first quarter of 2022 were approximately 11,300 bbls, compared to approximately 8,600 bbls during the first quarter of 2021, an increase of approximately 2,700 bbls, or 31.4%.

Average oil prices received were \$71.34 per bbl in the first quarter of 2022 compared to \$49.34 per bbl in the first three months of 2021, an increase of approximately \$22.00 per bbl or 44.6%.

Natural gas revenues for the first three months of 2022 were \$807,000 compared to \$472,000 for the same period in 2021, an increase of \$335,000 or 70.97%. Natural gas sales volumes for the first quarter of 2022 were approximately 142,000 mcf compared to approximately 190,000 mcf during the first quarter of 2021, a decrease of approximately 48,000 mcf or 25.3%.

Average natural gas prices received were \$5.67 per mcf in the first quarter of 2022 as compared to \$3.07 per mcf in the first quarter of 2021, an increase of approximately \$2.60 per mcf or 84.7%.

Revenues from lease operations was \$44,000 in the first quarter of 2022 compared to \$57,000 in the first quarter of 2021, a decrease of approximately \$13,000 or 22.8%. 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 quarter of 2022 was \$18,000 compared to \$34,000 in the first quarter of 2021, a decrease of approximately \$16,000, or 47.1%. This was due primarily to the decrease in natural gas volume sold through PPC.

Real estate income was approximately \$53,000 during the first quarter of 2022 compared to \$59,000 for the first three months of 2021, a decrease of approximately \$6,000, or 10.2%.

Interest income was approximately \$25,000 during the first quarter of 2022, compared to approximately \$46,000 during the same period in 2021, a decrease of approximately \$21,000 or 45.7%. Interest income is derived from investments in both short-term and long-term certificates of deposit as well as money market accounts at banks. Some long-term certificates of deposit matured during 2021 and re-invested at lower interest rates offered by banks.

Other revenues for the first three months of 2022 were approximately \$12,000 as compared to \$9,000 for the same period in 2021, an increase of approximately \$3,000, or 33.3%.

Lease operating expenses in the first quarter of 2022 were \$244,000 as compared to \$123,000 in the first quarter of 2021, a net increase of approximately \$121,000, or 98.4%. Of this net increase, approximately \$6,000 is due to net decreases in operating expenses billed by third-party operators on non-operated properties. Approximately \$127,000 of overall net increases in operating expenses are related to various operated properties.

Production taxes, gathering and marketing expenses in the first quarter of 2022 were approximately \$181,000 as compared to \$129,000 for the first quarter of 2021, an increase of approximately \$52,000 or 40.3% directly related to the increase in oil and gas revenues.

Pipeline and rental expenses for the first quarter of 2022 were approximately \$2,000 compared to approximately \$3,000 for the same period in 2021, decrease of \$1,000 or 33.3%.

Real estate expenses in the first quarter of 2022 were approximately \$38,000 compared to \$32,000 during the same period in 2021, an increase of approximately \$6,000 or 18.8%.

Depreciation, depletion, and amortization expense for the first quarter of 2022 was \$31,000 as compared to \$119,000 for the first quarter of 2021, a decrease of \$88,000, or 74.0%. The Company re-evaluated its proved oil and gas reserve quantities as of December 31, 2021. This re-evaluated reserve base was reduced for oil and gas reserves that were produced or sold during the quarter and adjusted for newly acquired reserves or for changes in estimated production curves and future price assumptions.

Asset Retirement Obligation ("ARO") expense for the first three months of 2022 was approximately \$143,000 as compared to approximately \$35,000 for the same period in 2021, an increase of \$108,000, or 308.6%. 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 quarter of 2022 were approximately \$590,000 as compared to approximately \$537,000 for the first quarter of 2021, an increase of approximately \$53,000 or 9.9%.

## **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 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 March 31, 2022, 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**

#### **West Texas**

Effective March 4, 2022, the Company sold its interest in an operated oil well along with its associated leasehold acreage, in Martin County, Texas. The Company is pursuing Section 1031, Like-Kind Exchange treatment for the proceeds from this transaction and has not calculated the income tax implication of the divestiture.

Effective January 1, 2022, the Company sold its interest in two operated natural gas wells and two shut-in wells along with its associated leasehold acreage located in Hood County, Texas, to Giant NRG Co., LP, a related entity. The terms of the transaction are no less favorable than could be obtained from unaffiliated third parties and have been approved by a majority of our Board of Directors.

## Item 6. - Exhibits

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

<u>Exhibit Designation</u>	<u>Exhibit Description</u>
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: May 23, 2022

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

Date: May 23, 2022

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

Date: May 23, 2022

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manger



## 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.

Date: May 23, 2022

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

## 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.

Date: May 23, 2022

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manager

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 March 31, 2022, 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.

Date: May 23, 2022

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

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manager