

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarter ended March 31, 2002

Commission File No. 0-18774

SPINDLETOP OIL & GAS CO.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

75-2063001
(IRS Employer or ID #)

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

75080
(Zip Code)

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

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

NONE

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

Common Stock par value \$0.01 per share

(Title of Class)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

As of March 31, 2002, 7,525,804 shares of the Company's common stock were issued and outstanding, and the aggregate market value of the voting stock held by non-affiliates of the company as of that date is not determinable since no significant public trading market has been established for the Company's common stock.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q

MARCH 31, 2002

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Part I - Financial Information

Item 1. - Financial Statements

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

| | As of | |
|---|---------------------------------|---------------------|
| | March 31 2002 (Unaudited) | December 31 2001 |
| | ----- | ----- |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 2,184,000 | \$ 2,323,000 |
| Accounts receivable | 292,000 | 175,000 |
| Prepaid income tax | 89,000 | 89,000 |
| | ----- | ----- |
| Total Current Assets | 2,565,000 | 2,587,000 |
| | ----- | ----- |
| Property and Equipment, at cost | | |
| Oil and gas properties (full cost method) | 3,393,000 | 3,224,000 |
| Rental equipment | 397,000 | 397,000 |
| Gas gathering systems | 145,000 | 145,000 |
| Other property and equipment | 85,000 | 85,000 |
| | ----- | ----- |
| | 4,020,000 | 3,851,000 |
| Accumulated depreciation and amortization | (2,987,000) | (2,952,000) |
| | ----- | ----- |
| Total Property and Equipment, net | 1,033,000 | 899,000 |
| | ----- | ----- |
| Total Assets | \$ 3,598,000 | \$ 3,486,000 |
| | ===== | ===== |

The accompanying notes are an integral part of these statements.

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

| | As of | |
|--|---------------------------------|---------------------|
| | March 31 2002 (Unaudited) | December 31 2001 |
| | ----- | ----- |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 476,000 | \$ 358,000 |
| Notes payable, related party | 32,000 | 231,000 |
| Income tax payable | 50,000 | - |
| Tax savings benefit payable | 97,000 | 97,000 |
| | ----- | ----- |
| Total current liabilities | 655,000 | 686,000 |
| | ----- | ----- |
| Notes payable, related party | 47,000 | 55,000 |
| | ----- | ----- |
| Deferred income tax payable | 121,000 | 121,000 |
| | ----- | ----- |
| Shareholders' Equity | | |
| Common stock, \$.01 par value; 100,000,000 Shares authorized; 7,525,804 shares Issued and outstanding at March 31, 2002 and December 31, 2001 | 75,000 | 75,000 |
| Additional paid-in capital | 733,000 | 733,000 |
| Retained earnings | 1,967,000 | 1,816,000 |
| | ----- | ----- |
| Total Shareholders' Equity | 2,775,000 | 2,624,000 |
| | ----- | ----- |
| Total Liabilities and Shareholders' Equity | \$ 3,598,000 | \$ 3,486,000 |
| | ===== | ===== |

The accompanying notes are an integral part of these statements.

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

| | Three Months Ended | |
|--|--------------------|------------------|
| | March 31 2002 | March 31 2001 |
| | ----- | ----- |
| Revenues | | |
| Oil and gas revenue | \$ 428,000 | \$ 528,000 |
| Revenue from lease operations | 9,000 | 5,000 |
| Gas gathering, compression and Equipment rental | 46,000 | 72,000 |
| Interest income | 16,000 | 15,000 |

| | | |
|--|------------|------------|
| Other | 3,000 | 15,000 |
| Total revenue | 502,000 | 635,000 |
| Expenses | | |
| Lease operations | 157,000 | 271,000 |
| Pipeline and rental operations | 5,000 | 8,000 |
| Depreciation and amortization | 35,000 | 56,000 |
| General and administrative | 101,000 | 76,000 |
| Interest expense | 3,000 | 7,000 |
| Total Expenses | 301,000 | 418,000 |
| Income (Loss) Before Income Tax | 201,000 | 217,000 |
| Current tax provision | 50,000 | 80,000 |
| Deferred tax provision | - | - |
| | 50,000 | 80,000 |
| Net Income (Loss) | \$ 151,000 | \$ 137,000 |
| Earnings (Loss) per Share of Common Stock | \$ 0.02 | \$ 0.02 |
| Weighted Average Shares Outstanding | 7,525,804 | 7,525,804 |

The accompanying notes are an integral part of these statements.

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

| | Three Months Ended | |
|---|--------------------|------------------|
| | March 31 2002 | March 31 2001 |
| Cash Flows from Operating Activities | | |
| Net Income (Loss) | \$ 151,000 | \$ 137,000 |
| Reconciliation of net income (loss) to net cash provided by (used for) Operating Activities | | |
| Depreciation and amortization | 35,000 | 56,000 |
| Amortization of note discount | (3,000) | 7,000 |
| Changes in accounts receivable | (117,000) | 202,000 |
| Changes in accounts payable | 118,000 | 65,000 |
| Changes in current taxes payable | 50,000 | 80,000 |
| Net cash provided by (used for) operating activities | 234,000 | 547,000 |

| | | |
|---|--------------|--------------|
| Cash flows from Investing Activities | | |
| Capitalized acquisition, exploration and development costs | (169,000) | (1,000) |
| Net cash provided by (used for) Investing Activities | (169,000) | (1,000) |
| Cash Flows from Financing Activities | | |
| Reduction of notes payable to related party | (204,000) | - |
| Net cash provided by (used for) Financing Activities | (204,000) | - |
| Increase (decrease) in cash | (139,000) | 546,000 |
| Cash at beginning of period | 2,323,000 | 1,585,000 |
| Cash at end of period | \$ 2,184,000 | \$ 2,131,000 |

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, 2001 for further information.

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

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

Results of Operations

2002 Compared to 2001

Oil and gas revenue decreased for the three months ended March 31, 2002 as compared to the same period in 2001 due primarily to lower average gas prices.

Other income in 2001 contained approximately \$12,000 from the farm-out of the Company's interest in a gas unit.

Lease operations in the first quarter of 2002 are lower than in 2001, due to a reduction in work-over projects and the postponing of unnecessary maintenance projects. As natural gas prices fell during 2001 and remained low into the first quarter of 2002, the Company deferred several re-work projects as well as other capital expenditure and acquisition projects until future periods when gas prices increase and become more stable.

The depletion calculation for the first quarter of 2002 is lower than that calculated in 2001 as the company has re-evaluated and increased its proved oil and gas reserve quantities. Production for the two periods was the same, but the percentage of reserves produced during the 1st quarter of 2002 is a smaller percentage of the overall reserve base, thus reducing the rate of depletion to be taken against the full cost pool of unamortized oil and gas assets.

Approximately \$18,000 of the increase in General and administrative costs for the first quarter of 2002 was due to an August, 2001 increase in management fees charged by a related entity which provides management, accounting and administrative services to the Company.

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.

Part II - Other Information

None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPINDLETOP OIL & GAS CO.

(Registrant)

Date: May 15, 2002

By: /s/ Chris G. Mazzini

Chris G. Mazzini
President

Date: May 15, 2002

By: /s/ Michelle H. Mazzini

Michelle H. Mazzini

Secretary

End of Filing