

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 June 30, 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 June 30, 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 JUNE 30, 2002

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Part I - Financial Information

Item 1. - Financial Statements

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

	As of	
	June 30 2001	December 31 2002
	----- (Unaudited) -----	
ASSETS		
Current Assets		
Cash	\$ 2,286,000	\$ 2,323,000
Accounts receivable	207,000	175,000
Prepaid income tax	89,000	89,000
	-----	-----
Total Current Assets	2,585,000	2,587,000
	-----	-----
Property and Equipment, at cost		
Oil and gas properties (full cost method)	3,486,000	3,224,000
Rental equipment	397,000	397,000
Gas gathering systems	145,000	145,000
Other property and equipment	85,000	85,000
	-----	-----
	4,095,000	3,851,000
Accumulated depreciation and amortization	(3,023,000)	(2,952,000)
	-----	-----
Total Property and Equipment, net	1,072,000	899,000
	-----	-----
Total Assets	\$ 3,654,000	\$ 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	
	June 30 2002	December 31 2001
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS` EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 539,000	\$ 358,000
Notes payable, related party	35,000	231,000
Income tax payable	41,000	-
Tax savings benefit payable	97,000	97,000
Total current liabilities	712,000	686,000
Notes payable, related party	35,000	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 June 30, 2002 and December 31, 2001	75,000	75,000
Additional paid-in capital	733,000	733,000
Retained earnings	1,978,000	1,816,000
Total Shareholders` Equity	2,786,000	2,624,000
Total Liabilities and Shareholders` Equity	\$ 3,654,000	\$ 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)

	Six Months Ended		Three Months Ended	
	June 30 2002	June 30 2001	June 30 2002	June 30 2001
Revenues				
Oil and gas revenue	\$ 803,000	\$1,461,000	\$ 375,000	\$ 933,000
Revenue from lease operations	17,000	14,000	8,000	9,000
Gas gathering, compression				

and Equipment rental	86,000	140,000	40,000	68,000
Interest income	35,000	42,000	19,000	27,000
Other	3,000	6,000	-	49,000
	-----	-----	-----	-----
Total revenue	944,000	1,721,000	442,000	1,086,000
	-----	-----	-----	-----
Expenses				
Lease operations	400,000	499,000	243,000	228,000
Pipeline and rental operations	11,000	17,000	6,000	9,000
Depreciation and amortization	71,000	93,000	36,000	37,000
General and administrative	240,000	200,000	139,000	124,000
Interest expense	4,000	16,000	1,000	9,000
	-----	-----	-----	-----
Total Expenses	726,000	825,000	425,000	407,000
	-----	-----	-----	-----
Income Before Income Tax	218,000	896,000	17,000	679,000
	-----	-----	-----	-----
Current tax provision	56,000	80,000	6,000	-
Deferred tax provision	-	-	-	-
	-----	-----	-----	-----
	56,000	80,000	6,000	-
	-----	-----	-----	-----
Net Income (Loss)	\$ 162,000	\$ 816,000	\$ 11,000	\$ 679,000
	=====	=====	=====	=====
Earnings (Loss) per Share Of Common Stock	\$ 0.02	\$ 0.11	\$ 0.00	\$ 0.09
	=====	=====	=====	=====
Weighted Average Shares Outstanding	7,525,804	7,525,804	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)

	Six Months Ended	
	June 30 2002	June 30 2001
	-----	-----
Cash Flows from Operating Activities		
Net Income (Loss)	\$ 162,000	\$ 816,000
Reconciliation of net income (loss) to net cash provided by (used for) Operating Activities		
Depreciation and amortization	71,000	93,000
Changes in accounts receivable	(32,000)	(90,000)
Changes in acct receivable, related party	-	8,000
Changes in accounts payable	181,000	(138,000)
Changes in current taxes payable	41,000	(20,000)
Amortization of note discount	(3,000)	16,000

Net cash provided by (used for) operating Activities	420,000	685,000
Cash flows from Investing Activities Capitalized acquisition, exploration and development costs	(244,000)	5,000
Net cash provided by (used for) Investing Activities	(244,000)	5,000
Cash Flows from Financing Activities Reduction of notes payable to related party	(213,000)	(119,000)
Net cash provided by (used for) Financing Activities	(204,000)	(119,000)
Increase (decrease) in cash	(37,000)	571,000
Cash at beginning of period	2,323,000	1,585,000
Cash at end of period	\$ 2,286,000	\$ 2,156,000

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.

2. SUBSEQUENT EVENTS

Subsequent to June 30, 2002, the board of directors of the Company authorized the issuance of 55,667 shares of restricted common stock at a value of \$.30 per share, along with payment of \$17,800 cash and an option to purchase additional shares of restricted common stock of the Company in consideration for the purchase of an undivided 10% working interest (7.7% net revenue interest), in certain oil and gas leases covering 903 mineral acres in Tarrant County, Texas. The stock option agreement grants a one year option in which to purchase an additional 70,000 restricted shares of the Company's common stock at cost of \$.30 per share.

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

Results of Operations

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Oil and gas revenues reported for the six months ended June 30, 2002 were \$803,000, while the oil and gas revenues reported for the same period in 2001 were \$1,461,000. The primary reason for the decline was a significant reduction in the average selling price of both oil and gas between the two periods. The average gas sales price for operated properties during the first six months of 2001 was \$5.75 per mcf as compared with \$2.81 per mcf for 2002, a 51% decrease between the two periods. The average sales price for oil for operated properties during the first six months of 2001 was \$26.92 per bbl as compared with \$22.41 per bbl in 2002, a 17% decrease between the two periods.

Gas production for operated properties during the first six months of 2002 decreased by approximately 7% as compared to operated gas production for the same period in 2001. Oil production for the first six months in 2002 increased by approximately 29%. Gas sales for the first six months of 2002 represented approximately 89% of total oil and gas revenue, while oil sales contributed approximately 11% of the total. As a result, the significant decrease in gas prices between the periods coupled with a slight decline in production, caused the decrease in reported oil and gas revenues.

Lease operations in the six months ended June 30, 2002 are slightly 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 continued to fall into the first half 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 six months ended June 30, 2002 is lower than that calculated in 2001 as the company re-evaluated and increased its proved oil and gas reserve quantities as of January 1, 2002. Production for the first half of 2002 is also slightly lower than the production for the same period in 2001, thus the percentage of reserves produced during the 1st half of 2002 is a smaller percentage of the overall reserve base, reducing the rate of depletion to be taken against the full cost pool of unamortized oil and gas assets.

Approximately \$24,000 of the increase in General and administrative costs for the six months ended June 30, 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.

The decrease in interest expense for the six months ended June 30, 2002 compared to the same period in 2001, is due to the significant reduction of the principal amount of the note payable to a related party.

Three months ended June 30, 2002 compared to three months ended June 30, 2001

Oil and gas revenues reported for the three months ended June 30, 2002 are \$375,000, which is \$558,000 less than the \$933,000 reported for the same period in 2001. The principal reason for the decline was a significant reduction in the average selling price of both oil and gas. The average gas sales price for operated properties during the three month period ended June 30, 2001 was \$4.70 per mcf as compared with \$3.28 per mcf for the same period in 2002, approximately a 30% decrease between the two periods. The average oil sales price for operated properties during the three months ended June 30, 2001 was \$26.20 per bbl as compared with \$24.79 per bbl in 2002, approximately a 5% decrease between the two periods.

Gas production for operated properties during the three months ended June 30, 2002 decreased by approximately 10% as compared to operated gas properties for the same period in 2001. Oil production for the three months ended June 30, 2002 increased by approximately 600 bbls or 72%. Gas sales for the 2nd quarter of 2002 represent approximately 94% of the total oil and gas sales whereas oil sales represent approximately 6% of the total. Therefore, the increased oil production had an insignificant effect on overall sales for the period.

In addition to the above, the 2nd quarter gas sales reported are approximately \$104,000 less than gas revenue that was actually booked during the period due to timing of accruals. The Company had accrued this amount during the first quarter of 2002 in anticipation of the receipt of revenue from non-operated properties that applied to revenues from prior years and for revenue from a non-operated work-over well and development well completed during the 1st quarter of 2002. These revenues were actually received and booked during the 2nd quarter ending on June 30, 2002.

Approximately \$12,000 of the increase in General and administrative costs for the three months ended June 30, 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.

The decrease in interest expense for the three months ended June 30, 2002 compared to the same period in 2001, is due to the significant reduction of the principal amount of the note payable to a related party.

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

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

Exhibit 99.1

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

In connection with the Quarterly Report of Spindletop Oil & Gas Co. ("the Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof

("the Report"), We, Chris G. Mazzini, President and Robert E. Corbin, Controller of the Company, hereby certify that to our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*Date: August 14, 2002 By: /s/ Chris G. Mazzini
Chris G. Mazzini
President*

*Date: August 14, 2002 By: /s/ Robert E. Corbin
Robert E. Corbin
Controller*

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 14, 2002 By: /s/ Chris G. Mazzini
Chris G. Mazzini
President*

*Date: August 14, 2002 By: /s/ Michelle H. Mazzini
Michelle H. Mazzini
Secretary*

*Date: August 14, 2002 By: /s/ Robert E. Corbin
Robert E. Corbin
Controller*