

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 September 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 September 30, 2002, 7,582,471 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
SEPTEMBER 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	
	September 30 2002	December 31 2001
	(Unaudited)	
ASSETS		
Current Assets		
Cash	\$ 2,235,000	\$ 2,323,000
Accounts receivable	283,000	175,000
Prepaid income tax	139,000	89,000
Total Current Assets	2,657,000	2,587,000
Property and Equipment, at cost		
Oil and gas properties (full cost method)	3,618,000	3,224,000
Rental equipment	404,000	397,000
Gas gathering systems	145,000	145,000
Other property and equipment	85,000	85,000
	4,252,000	3,851,000
Accumulated depreciation and amortization	(3,067,000)	(2,952,000)
Total Property and Equipment, net	1,185,000	899,000
Total Assets	\$ 3,842,000	\$ 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	
	September 30 2002	December 31 2001
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS` EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 481,000	\$ 358,000
Notes payable, related party	36,000	231,000
Income tax payable	107,000	-
Tax savings benefit payable	97,000	97,000
Total current liabilities	721,000	686,000
Notes payable, related party	21,000	55,000
Deferred income tax payable	121,000	121,000
Shareholders` Equity		
Common stock, \$.01 par value; 100,000,000 Shares authorized; 7,582,471 and 7,525,804 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	76,000	75,000
Additional paid-in capital	749,000	733,000
Retained earnings	2,154,000	1,816,000
Total Shareholders` Equity	2,979,000	2,624,000
Total Liabilities and Shareholders` Equity	\$ 3,842,000	\$ 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)

Nine Months Ended September 30		Three Months Ended September 30	
2002	2001	2002	2001

Revenues				
Oil and gas revenue	\$1,278,000	\$1,901,000	\$ 475,000	\$ 440,000
Revenue from lease operations	30,000	23,000	13,000	9,000
Gas gathering, compression and Equipment rental	132,000	183,000	46,000	43,000
Interest income	61,000	65,000	26,000	23,000
Other	15,000	76,000	12,000	12,000
Total revenue	1,516,000	2,248,000	572,000	527,000
Expenses				
Lease operations	563,000	710,000	163,000	211,000
Pipeline and rental operations	21,000	29,000	10,000	12,000
Depreciation and amortization	115,000	141,000	44,000	48,000
General and administrative	347,000	303,000	107,000	103,000
Interest expense	10,000	26,000	6,000	10,000
Total Expenses	1,056,000	1,209,000	330,000	384,000
Income Before Income Tax	460,000	1,039,000	242,000	143,000
Current tax provision	122,000	243,000	66,000	163,000
Deferred tax provision	-	-	-	-
	122,000	243,000	66,000	-
Net Income (Loss)	\$ 338,000	\$ 796,000	\$ 176,000	\$ (20,000)
Earnings (Loss) per Share Of Common Stock fully Diluted	\$ 0.04	\$ 0.11	\$ 0.02	\$ -
Weighted Average Shares Outstanding	7,557,819	7,525,804	7,620,804	7,525,804

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Retained
	Shares	Amount	Paid-In Capital	Earnings
Balance December 31, 2000	7,525,804	\$ 75,000	\$ 733,000	\$ 1,040,000
Net Income (Loss)	-	-	-	776,000
Balance December 31, 2001	7,525,804	75,000	733,000	\$ 1,816,000

Issuance of 56,667 shares of Common Stock for the purchase of drilling prospect	56,667	1,000	16,000	-
Net Income for the nine months ended September 30, 2002	-	-	-	338,000
	-----	-----	-----	-----
	7,582,471	\$ 76,000	\$ 749,000	\$ 2,154,000
	=====	=====	=====	=====

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 September 30	
	2002	2001
	-----	-----
Cash Flows from Operating Activities		
Net Income (Loss)	\$ 338,000	\$ 796,000
Reconciliation of net income (loss) to net cash provided by (used for) Operating Activities		
Depreciation and amortization	115,000	141,000
Changes in accounts receivable	(108,000)	88,000
Changes in acct receivable, related party	-	8,000
Changes in accounts payable	123,000	(177,000)
Changes in current taxes payable	107,000	(51,000)
Amortization of note discount	(10,000)	(39,000)
	-----	-----
Net cash provided by (used for) operating Activities	515,000	868,000
	-----	-----
Cash flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(401,000)	(56,000)
	-----	-----
Net cash provided by (used for) Investing Activities	(401,000)	(56,000)
	-----	-----
Cash Flows from Financing Activities		
Reduction of notes payable to related party	(219,000)	(85,000)
Issuance of 56,667 shares of common stock	17,000	-
	-----	-----
Net cash provided by (used for) Financing Activities	(202,000)	(85,000)

Increase (decrease) in cash	(88,000)	727,000
Cash at beginning of period	2,323,000	1,585,000
Cash at end of period	\$ 2,235,000	\$ 2,312,000

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. ISSUANCE OF COMMON STOCK

Effective July 23, 2002, the board of directors of the Company authorized the issuance of 56,667 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

Nine months ended September 30, 2002 compared to nine months ended September 30, 2001

Oil and gas revenues reported for the nine months ended September 30, 2002 were \$1,278,000, while the oil and gas revenues reported for the same period in 2001 were \$1,901,000. The primary reason for the decline was a decline 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 nine months of 2001 was \$4.87 per mcf as

compared with \$2.97 per mcf for 2002, a 39% decrease between the two periods. The average sales price for oil for operated properties during the first nine months of 2001 was \$26.22 per bbl as compared with \$23.37 per bbl in 2002, a 10.8% decrease between the two periods.

Gas production for operated properties during the first nine months of 2002 was approximately 249,000 mcf as compared to operated gas production of approximately 289,000 mcf for the same period in 2001, a decrease of approximately 13.9%. Oil production for the first nine months in 2002 was approximately 3,100 bbls, a decrease of 12.9% over the approximate 3,500 bbls produced during the same period in 2001.

Gas sales for the first nine months of 2002 represented approximately 87% of total oil and gas revenue, while oil sales contributed approximately 13% 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 nine months ended September 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 nine months ended September 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 three quarters of 2002 is also slightly lower than the production for the same period in 2001, thus the percentage of reserves produced during the first three quarters 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 \$40,000 of the increase in general and administrative costs for the nine months ended September 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 nine months ended September 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 September 30, 2002 compared to three months ended September 30, 2001

Oil and gas revenues reported for the three months ended September 30, 2002 are \$475,000, which is \$35,000 more than the \$440,000 reported for the same period in 2001. The principal reason for the increase was an increase in the average selling price of both oil and gas for the third quarter of 2002 over the third quarter of 2001. Although the average gas prices for the first three quarters of 2002 decreased significantly over those of the first three quarters of 2001, the gas prices rallied a bit and were substantially the same as the average third quarter gas prices for the previous year. The average gas sales price for operated properties during the three month period ended September 30, 2001 was \$3.08 per mcf as compared with \$3.08 per mcf for the same period in 2002. The average oil sales price for operated properties during the three months ended September 30, 2001 was \$26.22 per bbl as compared with \$23.37 per bbl in 2002, approximately a 10.9% decrease between the two periods.

Gas production for operated properties during the three months ended September 30, 2002 decreased by approximately 26.9% as compared to operated gas properties for the same period in 2001. Oil production for the three months ended September 30, 2002 also decreased by approximately 854 bbls. Gas sales for

the 3rd quarter of 2002 represent approximately 85.7% of the total oil and gas sales whereas oil sales represent approximately 14.3% of the total.

The decrease in interest expense for the three months ended September 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.

Item 4. - Controls and Procedures

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-Q, our Acting Principal Executive Officer and Acting Chief Financial Officer, believe our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective. There were not any significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, and there has not been any corrective action with regard to significant deficiencies and material weaknesses.

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 September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof ("the Report"), We, Chris G. Mazzini, President and Acting Principal Executive Officer and Robert E. Corbin, Controller and Acting Principal Financial Officer 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: November 15, 2002

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

Date: November 15, 2002

By: /s/ Robert E. Corbin

*Robert E. Corbin
Controller, Acting Principal
Financial Officer*

Signatures

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

SPINDLETOP OIL & GAS CO. (Registrant)

Date: November 15, 2002

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

Date: November 15, 2002

*By: /s/ Michelle H. Mazzini
Michelle H. Mazzini
Secretary*

Date: November 15, 2002

*By: /s/ Robert E. Corbin
Robert E. Corbin
Controller, Acting Principal
Financial Officer*

CERTIFICATION

I, Chris Mazzini, Acting Principal Executive Officer of Spindletop Oil and Gas Co. ("the Company"), certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of the Company;
- 2) Based on my knowledge, this quarterly 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 quarterly report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
- 4) I am responsible for establishing and maintaining internal controls and procedures and have:
 - a) designed such internal controls to insure that material information relating to the company and its consolidated subsidiaries is made known to me by others within those entities, particularly for the periods presented in this quarterly report;
 - b) evaluated the effectiveness of the Company's internal controls as of a date within 90 days prior to the filing date of this quarterly report; and
 - c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on a date within 90 days prior to the filing date of this quarterly report;

5) I have disclosed to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weakness in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

CERTIFICATION (continued)

6) I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Chris G. Mazzini

Chris G. Mazzini
Acting Principal Executive Officer
November 15, 2002

CERTIFICATION

I, Robert E. Corbin, Acting Principal Financial Officer of Spindletop Oil and Gas Co. ("the Company"), certify that:

1) I have reviewed this quarterly report on Form 10-Q of the Company;

2) Based on my knowledge, this quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4) I am responsible for establishing and maintaining internal controls and procedures and have:

a) designed such internal controls to insure that material information relating to the company and its consolidated subsidiaries is made known to me by others within those entities, particularly for the periods presented in this quarterly report;

b) evaluated the effectiveness of the Company's internal controls as of a date within 90 days prior to the filing date of this quarterly report; and

c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on a date within 90 days prior to the filing date of this quarterly report;

5) I have disclosed to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weakness in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

CERTIFICATION (continued)

6) I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Robert E. Corbin

Robert E. Corbin
Acting Principal Financial Officer
November 15, 2002