

**FORM 10-Q**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549  
QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For Quarter ended September 30, 2001  
Commission file No. 0-18774

**SPINDLETOP OIL & GAS CO.**

(Exact name of registrant as specified in its charter)

TEXAS 75-2063001  
(State or other jurisdiction of incorporation (IRS Employer or I.D.#)  
or organization)

311 MELROSE, SUITE 102, RICHARDSON, TEXAS 75080  
(Address of principal executive offices) (Zip Code)

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

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 twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

Common Stock - \$.01 par value 7,525,804  
(Title of Class) (Number of shares outstanding  
on November 14, 2001)

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**SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES**  
**FORM 10-Q**  
September 30, 2001  
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Part 1. Financial Information  
Item 1. Financial Statements

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

	September 30, 2001	December 31, 2000
	----- (Unaudited)	-----
ASSETS		
Current Assets		
Cash	\$ 2,312,000	\$ 1,585,000
Accounts receivable	252,000	340,000
Accounts receivable, related parties	-	8,000
	-----	-----
Total Current Assets	2,564,000	1,933,000
	-----	-----
Property and Equipment - at cost		
Oil and gas properties (full cost method)	3,224,000	3,202,000
Rental equipment	397,000	405,000
Gas gathering system	145,000	145,000
Other property and equipment	82,000	53,000
	-----	-----
	3,848,000	3,805,000
Accumulated depreciation and amortization	(2,957,000)	(2,829,000)
	-----	-----
Total Property and Equipment	891,000	976,000
	-----	-----
Other Assets, net of accumulated amortization of \$101,000 at September 30, 2001 and December 31, 2000 respectively		
	-	-
	-----	-----
Total Assets	\$ 3,455,000	\$ 2,909,000
	=====	=====

See the accompanying notes to the financial statements

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

	September 30, 2001	December 31, 2000
	-----	-----
	(Unaudited)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 295,000	\$ 472,000
Notes payable, related party	85,000	92,000
Income tax payable	111,000	60,000
Tax savings benefit	97,000	97,000
	-----	-----
Total Current Liabilities	588,000	721,000
	-----	-----
Notes Payable, Related Party	129,000	246,000
Deferred Income Tax Payable	94,000	94,000
Shareholders' Equity		
Common Stock, \$.01 par value, 100,000,000 shares authorized; 7,525,804 issued at September 30, 2001 and December 31, 2000, respectively	75,000	75,000
Additional paid-in capital	733,000	733,000
Retained earnings	1,836,000	1,040,000
	-----	-----
	2,644,000	1,848,000
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 3,455,000	\$ 2,909,000
	=====	=====

See the accompanying notes to the financial statements

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**SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATION**

(Unaudited)

	Nine Months Ended September 30		Three Months Ended September 30	
	2001	2000	2001	2000
	-----	-----	-----	-----
Revenues				
Oil and gas revenues	\$1,901,000	\$1,042,000	\$ 440,000	\$ 466,000

Revenue from lease operations	23,000	135,000	9,000	35,000
Gas gathering, compression and equipment rental	183,000	102,000	43,000	45,000
Interest Income	65,000	21,000	23,000	11,000
Other	76,000	44,000	12,000	33,000
	-----	-----	-----	-----
Total Revenues	2,248,000	1,344,000	527,000	590,000
	-----	-----	-----	-----
Expenses				
Pipeline and rental operations	29,000	22,000	12,000	6,000
Lease operations	710,000	472,000	211,000	162,000
Depreciation and amortization	141,000	150,000	48,000	48,000
General and administrative	303,000	223,000	103,000	72,000
Interest expense	26,000	-	10,000	-
	-----	-----	-----	-----
Total Expenses	1,209,000	867,000	384,000	288,000
	-----	-----	-----	-----
Net Income before tax	1,039,000	477,000	143,000	302,000
	-----	-----	-----	-----
Income Tax Expense	243,000	-	163,000	-
	-----	-----	-----	-----
Net Income	\$ 796,000	\$ 477,000	\$ (20,000)	\$ 302,000
	=====	=====	=====	=====
Net Income (Loss) Per Share of Common Stock	\$ 0.11	\$ 0.06	\$ -	\$ 0.04
	=====	=====	=====	=====
Weighted Average Shares Outstanding	7,525,804	7,525,804	7,525,804	7,525,804
	=====	=====	=====	=====

See the accompanying notes to the financial statements

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

	Nine Months Ended September 30,	
	----- 2001 -----	----- 2000 -----
Cash Flows from Operating Activities		
Net Income (Loss)	\$ 796,000	\$ 477,000
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	141,000	152,000
(Incr) Decr in accounts receivable	88,000	112,000
(Incr) Decr in acct receivable, related Party	8,000	-
Incr (Decr) in accounts payable	(177,000)	78,000
Incr (Decr) in income tax payable	51,000	-

Amortization of Note Discount	(38,600)	-
Net cash provided (used) by operating activities	868,400	819,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(56,000)	(36,000)
Net cash used by investing activities	(56,000)	(36,000)
Cash Flows from Financing Activities		
Reduction of Notes Payable to Related Party	(85,400)	-
Net cash provided (used) by financing activities	(85,400)	-
Increase (decrease) in cash	727,000	783,000
Cash at beginning of period	1,585,000	284,000
Cash at end of period	\$ 2,312,000	\$ 1,067,000

See the accompanying notes to the financial statements

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**SPINDLETOP OIL & GAS COMPANY AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(Unaudited)

**Note 1: Basis of Presentation**

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, 2000 for further information.

In the opinion of management, the accompanying 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 subsidiary for the interim periods.

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

**Results of Operations**

Nine months ended September 30, 2001 compared to Nine months ended September 30, 2000

Oil and gas revenues for the nine months ended September 30, 2001 are reported as \$1,901,000, an \$859,000 increase over the same period in 2000. The increase in revenue is the result of a combination of

increased production and increased average gas prices between the two periods. The average gas price for the first nine months of 2001 was \$4.48 per mcf compared to \$3.59 per mcf for the same period in 2000. Production was also increased due to a concentrated effort by the Company to increase its utilization of work-over rigs during the first half of 2001 to increase production from certain low volume wells and by putting some wells on line that had been shut in.

As a result of the increased work-over activity, lease-operating expenses increased by \$238,000 over the same period in 2000.

Gas gathering and compression fee income increased by \$81,000, due to a combination of increased production that resulted from the work-over activity, as well as the addition of a contract with a major purchaser. In this transaction, the company now transports 100% of the gas from certain operated properties, charges a fee on an mcf basis, collects and distributes the revenue from the sales.

Revenue from lease operations decreased by \$112,000. This decrease is substantially due to a change in the Company's method of accounting for overhead charges billed to the joint accounts where the Company is the operator of the properties. In prior periods, the Company recorded the revenue from the charges to the joint account, and charged lease-operating expenses with its proportionate share of the overhead charges. The Company no longer records its proportionate share of the overhead income and related lease operating expense, but records as income the charges to the non-operating interests.

General and administrative expenses increased due to a small increase in the number of employed staff, as well as the incurring of a one-time charge for moving the location of its administrative offices during the second quarter of 2001.

Depreciation expenses are declining, due to the fact that most of the Company's depreciable assets have been fully depreciated.

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Three months ended September 30, 2001 compared to Three months ended September 30, 2000

Oil and gas revenues for the three months ended September 30, 2001 are reported as \$441,000, a decrease of \$26,000 over the same period in 2000. This decrease in revenue is the result of a decrease in the average gas prices between the two periods. The average gas price for the three months ended September 30, 2001 was \$2.78 per mcf compared to \$4.53 per mcf for the same period in 2000. During 2000, natural gas prices in general rose throughout the year to over \$8.00 per mcf. In 2001, the trend reversed, and the prices for natural gas have decreased to under \$3.00 per mcf by the end of September, 2001. As a result, the gas prices during the second half of 2000 were significantly higher than prices that will be realized during the second half of 2001, causing second half revenues to be lower this year as the result of the price variance.

As a result of increased work-over activity in 2001, lease operating expenses increased by \$49,000 over the same period in 2000.

Gas gathering and compression fee income decreased slightly by \$2,000.

Revenue from lease operations decreased by \$26,000. This decrease is substantially due to a change in the Company's method of accounting for overhead charges billed to the joint accounts where the Company is the operator of the properties. In prior periods, the Company recorded the revenue from the charges to the joint account, and charged lease-operating expense with its proportionate share of the overhead charges. The Company no longer records its proportionate share of the overhead income and related lease operating expense, but records as income the charges to the non-operating interests. 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 sale 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

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### Signature

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 14, 2001*

*By:/s/ Chris G. Mazzini  
Chris G. Mazzini  
President*

*DATE: November 14, 2001*

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

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End of Filing