

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, 2003

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 registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES _____ NO

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, 2003, 7,607,471 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
JUNE 30, 2003

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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 2003 (Unaudited)	December 31 2002
ASSETS		
Current Assets		
Cash	\$ 2,596,000	\$ 2,046,000
Accounts receivable	159,000	274,000
Prepaid income tax	-	109,000
Total Current Assets	2,755,000	2,429,000
Property and Equipment, at cost		
Oil and gas properties (full cost method)	4,377,000	3,936,000
Rental equipment	399,000	399,000
Gas gathering systems	145,000	145,000
Other property and equipment	85,000	85,000
	5,006,000	4,565,000
Accumulated depreciation and amortization	(3,362,000)	(3,230,000)
Total Property and Equipment, net	1,644,000	1,335,000
Other Assets	5,000	-
Total Assets	\$ 4,404,000	\$ 3,764,000

The accompanying notes are an integral part of these statements.

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

	As of	
	June 30 2003 (Unaudited)	December 31 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 667,000	\$ 414,000
Notes payable, related party	-	42,000
Income Tax Payable	45,000	-
Tax savings benefit payable	97,000	97,000
Total current liabilities	809,000	553,000
Deferred income tax payable	179,000	179,000
Shareholders' Equity		
Common stock, \$.01 par value; 100,000,000 Shares authorized; 7,607,471 shares issued and outstanding at June 30, 2003 and 7,582,471 shares issued and outstanding at December 31, 2002. 103,334 shares of Treasury Stock at June 30, 2003 and December 31, 2002	76,000	76,000
Additional paid-in capital	776,000	776,000
Treasury Stock	(18,000)	(18,000)
Retained earnings	2,582,000	2,198,000
Total Shareholders' Equity	3,416,000	3,032,000
Total Liabilities and Shareholders' Equity	\$ 4,404,000	\$ 3,764,000

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 2003	June 30 2002	June 30 2003	June 30 2002
Revenues				
Oil and gas revenue	\$1,302,000	\$ 803,000	\$ 584,000	\$ 375,000
Revenue from lease Operations	37,000	17,000	21,000	8,000
Gas gathering, compression and Equipment rental	71,000	86,000	29,000	40,000
Interest income	54,000	35,000	24,000	19,000
Other	3,000	3,000	-	-
	1,467,000	944,000	658,000	442,000
Expenses				
Lease operations	527,000	400,000	258,000	243,000
Pipeline and rental Operations	16,000	11,000	7,000	6,000
Depreciation and Amortization	132,000	71,000	71,000	36,000
General and administrative	252,000	240,000	140,000	139,000
Interest expense	2,000	4,000	-	1,000
	929,000	726,000	476,000	425,000
Income Before Income Tax	538,000	218,000	182,000	17,000
Current tax provision	154,000	56,000	61,000	6,000
Deferred tax provision	-	-	-	-
	154,000	56,000	61,000	6,000
Net Income	\$ 384,000	\$ 162,000	\$ 121,000	\$ 11,000
Earnings (Loss) per Share of Common Stock				
Basic	\$ 0.05	\$ 0.02	\$ 0.02	\$ -
Diluted	\$ 0.05	\$ 0.02	\$ 0.02	\$ -
Weighted Average Shares Outstanding	7,605,537	7,525,804	7,603,582	7,525,804
Diluted Shares Outstanding	7,750,399	7,525,804	7,748,304	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 2003	June 30 2002
Cash Flows from Operating Activities		
Net Income	\$ 384,000	\$ 162,000
Reconciliation of net income to net cash provided by Operating Activities		
Depreciation and amortization	132,000	71,000
Amortization of note discount	(3,000)	(3,000)
Changes in accounts receivable	115,000	(32,000)
Changes in prepaid income taxes	109,000	-
Changes in accounts payable	253,000	181,000
Changes in current taxes payable	45,000	41,000
Changes in other assets	(5,000)	-
Net cash provided by operating activities	1,030,000	420,000
Cash flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(441,000)	(244,000)
Net cash (used for) Investing activities	(441,000)	(244,000)
Cash Flows from Financing Activities		
Reduction of notes payable to related party	(39,000)	(213,000)
Net cash (used for) Financing Activities	(39,000)	(213,000)
Increase (decrease) in cash	550,000	(37,000)
Cash at beginning of period	2,046,000	2,323,000
Cash at end of period	\$ 2,596,000	\$ 2,286,000

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, 2002 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 AND STOCK OPTIONS

Effective October 7, 2002, the board of directors of the Company authorized the issuance of 25,000 shares of restricted common stock at a value of \$0.30 per share, along with payment of cash, and an option to purchase an additional 75,000 shares of restricted common stock of the Company in consideration for the purchase of certain oil and gas leases in North Texas. The options granted under the stock option agreement expire in July, 2004.

The above options, along with options to acquire another 70,000 shares of common stock of the Company, which expire in July 2003, were accounted for in 2002, using FASB Statement 123, Accounting for Stock-Based Compensation, which had the effect of charging the oil and gas properties account with \$26,850, which will be amortized using the full cost method of accounting.

Subsequent to June 30, 2003, options to purchase 70,000 shares of stock were exercised and 70,000 shares of common stock were issued. The 75,000 remaining options, which expire in July, 2004, do not have a dilutive effect on earnings per share.

3. EARNINGS PER SHARE

Earnings per share ("EPS") are calculated in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share (SFAS 128), which was adopted in 1997 for all years presented. Basic EPS is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The adoption of SFAS 128 had no effect on previously reported EPS. Diluted EPS is computed based on the weighted number of shares outstanding, plus the additional common shares that would have been issued had the options outstanding been exercised.

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

Results of Operations

Six months ended June 30, 2003 compared to six months ended June 30, 2002

Oil and gas revenues reported for the first six months ended June 30, 2003 were \$1,302,000, while the oil and gas revenues reported for the same period in 2002 were \$803,000. The primary reason for the increase was a significant increase 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 2003 was \$5.84 per mcf as compared with \$2.81 per mcf for 2002, a 107% increase between the two periods. The average sales price for oil for operated properties during the first six months of 2003 was \$31.32 per bbl as compared with \$22.41 per bbl in 2002, a 40% increase between the two periods.

Oil and gas production for the first six months of 2003 was higher than that in 2002, due primarily to the acquisition of over 25 producing oil and gas wells that the Company operates, since the third quarter of 2002. The majority of the wells acquired are oil wells, which have significantly increased the oil reserves of the Company.

The increase in lease operations is due to the additional operated wells that have been acquired. In addition, as the gas prices increased during the year, the Company increased the amount of work-over projects that needed to be done.

The depletion calculation for the first six months of 2003 is higher than that calculated in 2002. The company has re-evaluated and increased its proved oil and gas reserve quantities, but at the same time increased the capitalized costs that are being amortized as well as increase the provision for the amount of cost to develop proven but undeveloped reserves. In addition, production is up for the first six months of 2003 due to the added properties.

Three months ended June 30, 2003 compared to three months ended June 30, 2002

Oil and gas revenue increased for the three months ended June 30, 2003 as compared to the same period in 2003 due primarily to the higher average prices discussed above. Gas prices spiked upward in the 1st Quarter of 2003, and remained significantly higher for the 2nd quarter of 2003, than the average gas prices for the second quarter of 2002. The average price received for gas in the second quarter of 2003 was \$5.74 compared with an average price of \$3.41 for the second quarter of 2002. Oil prices averaged \$28.91 in the second quarter of 2003, higher than the average price of \$26.86 in the second quarter of 2002.

In addition to price increases for natural gas and crude oil, production for the second quarter of 2003 was slightly higher than in 2002 due to the purchase of several operating interests in both oil and gas properties during the third and fourth quarters of 2002, and the first quarter of 2003. These properties were on-line and being produced during the second quarter.

The increase in lease operations is due to the additional operated wells that have been acquired. In addition, as the gas prices increased during the year, the Company increased the amount of work-over projects that needed to be done.

The depletion calculation for the second quarter of 2003 is higher than that calculated in 2002. The company has re-evaluated and increased its proved oil and gas reserve quantities, but at the same time increased the capitalized costs that are being amortized. In addition, production is up for the second quarter of 2003 due to the added properties.

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

(a) Exhibits

Exhibit 31.1 - Certification Pursuant to Rules 13a-14 and 15d-14 Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by Chris G. Mazzini, Acting Principal Executive Officer, filed herewith.

Exhibit 31.1 - Certification Pursuant to Rules 13a-14 and 15d-14 Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by Robert E. Corbin, Acting Principal Financial Officer, filed herewith.

Exhibit 32.1 - Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

(b) Reports on Form 8-K - 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: August 19, 2003

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

Date: August 19, 2003

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

Date: August 19, 2003

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

Exhibit 31.1

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 (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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.
 - c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure 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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5) I have disclosed based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Chris G. Mazzini

Chris G. Mazzini
Acting Principal Executive Officer
August 19, 2003

Exhibit 31.2

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 (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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.
 - c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure 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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. I have disclosed based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and Audit Committee of the Board of directors (or persons fulfilling the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Robert E. Corbin

Robert E. Corbin
Acting Principal Financial Officer
August 19, 2003

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
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 period ending June 30, 2003 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: August 19, 2003

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

Date: August 19, 2003

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