UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 5(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2005

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 000-18774

Spindletop Oil & Gas Co.

(Exact name of registrant as specified in its charter)

Texas	**75-2063001**
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification Number)
12850 Spurling Rd., Suite 200, Dallas, Texas	**75230**
(Address of prinicpal executive offices)	(Zip Code)

Registrant's Telephone Number, including area code **972-644-2581**

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

Title of Each Class	Name of each exchange on which registered
None	

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, $0.01 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes [ ] No [X]**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes [ ] No [X]**

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 12 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 90 days. **Yes [X] No [ ]**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[X]**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). **Yes [ ] No [X]**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer" in Rule 126-2 of the Exchange Act (check one).
Large accelerated filer [ ] **Accelerated filer [ ]** **Non-accelerated filer [X]**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. **Yes [ ] No [X]**

The aggregate market value of the shares of voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the closing price at which the common equity was last sold which was the sales price of the Common Stock on the (OTC) Stock Exchange as of June 30, 2005 (the last business day of the Registrant's most recently completed second fiscal quarter) was

$4,772,495 based upon a total of 1,468,460 shares held as of June 30, 2005 by persons believed to be non-affiliates of the Registrant. The basis of the calculation does not constitute a determination by the Registrant as defined in Rule 405 of the Securities Act of 1933, as amended, such calculation, if made as of a date within sixty days of this filing, would yield a different value.

As of March 31, 2006, there were 7,585,803 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
NONE

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

Spindletop Oil & Gas Co. is an independent oil and gas company engaged in the exploration, development and production of oil and natural gas; the rental of oilfield equipment; and through one of its subsidiaries, the gathering and marketing of natural gas. The terms the "Company", "We", "Us" or Spindletop are used interchangeably herein to refer to Spindletop Oil & Gas Co. and its wholly owned subsidiaries, Prairie Pipeline Co. ("PPC") and Spindletop Drilling Company ("SDC").

The Company has focused its oil and gas operations principally in Texas, although we operate properties in six states including: Texas, Oklahoma, New Mexico, Louisiana, Alabama and Arkansas. We operate a majority of our projects through the drilling and production phases. Our staff has a great deal of experience in the operations arena. We have traditionally leveraged the risks associated with drilling by obtaining industry partners to share in the costs of drilling. However, we typically retain a controlling interest in the prospects we drill.

In addition, the Company, through PPC, owns approximately 26.1 miles of pipelines located in Texas, which are used for the gathering of natural gas. These gathering lines are located in the Fort Worth Basin and are being utilized to transport the Company's natural gas as well as natural gas produced by third parties.

Website Access to Our Reports

We make available free of charge through our website, www.spindletopoil.com , our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Information on our website is not a part of this report.

Operating Approach

We believe that a major attribute of the Company is its long history with, and extensive knowledge of, the Fort Worth Basin of Texas. Our technical staff has an average of over 26 years oil and gas experience in the Fort Worth Basin.

One of our strengths has been the ability of the Company to look at cost effective ways to grow our production. We have traditionally increased our reserve base in one of two ways. Initially, in the 1970's and 1980's, the Company obtained its production through an exploration and development drilling program focused principally in Texas. Today, the Company has retained many of these wells as producing properties and holds a large amount of acreage by production.

From the 1990's through 2003, the Company took advantage of the lower product prices by cost effectively adding to its reserve base through value-priced acquisitions. We found that through selective purchases we could make producing property acquisitions that were more cost effective than drilling.

During this time period, the Company acquired a large number of operated and non-operated oil and gas properties in various states.

From 2003 to the present, we have returned our focus to a strategy of development drilling. With higher product prices, we believe that it has been more cost effective to drill on the Company's leasehold acreage rather than to purchase production with escalated acquisition costs.

Our strategic focus in our drilling program is currently on the Barnett Shale play located in the Fort Worth Basin of North Texas. The organic rich Barnett Shale has been the source rock for the producing formations in the Fort Worth Basin. As an unconventional fractured reservoir, the Barnett Shale itself has become an attractive target due to technological advances in the drilling and stimulation of tight gas formations. This technology driven play has the potential of long life wells with the opportunity for multiple re-stimulations which can significantly increase the commercial life of Barnett Shale wells.

Strategic Business Plans

One of our key strategies is to enhance shareholder value through implementation of plans for controlled growth and development. The Company's long-term focus is to grow its oil and gas production through a strategic combination of selected property acquisitions, to the extent feasible, and an exploration and development program primarily based on developing its leasehold acreage. Additionally, the Company will continue to rework existing wells to increase production and reserves.

The Company's primary area of operation has been and will continue to be in Texas with an emphasis in the geological province known as the Ft. Worth Basin. The Company is planning to drill and develop its Fort Worth Basin producing properties to the Barnett Shale formation. We want to capitalize on our strengths which include a good knowledge of the Fort Worth Basin, experience in operations in this geographic area, development of lease holdings, and utilization of existing infrastructure to minimize costs.

The Company will continue to generate and evaluate prospects using its own technical staff. The Company intends to fund operations primarily from cash flow generated by operations.

The Company will attempt to expand its pipeline system. Expansion will be dependent upon success in its exploration programs, since the majority of its existing pipelines are connected to wells that the Company operates.

Significant Project Areas

The Company has operations and well interests in 16 states; however, the majority of reserves (86.39%) are located in Texas.

A breakout of the Company's most significant reserves by geographic area is as follows:

Fort Worth Basin Texas	2,074,206 BOE	70.38 %
Gulf Coast Texas	200,728 BOE	6.81 %
East Texas	155,244 BOE	5.27 %
Oklahoma	129,170 BOE	4.38 %
West Texas	78,485 BOE	2.66 %
New Mexico	77,582 BOE	2.63 %
Louisiana	68,979 BOE	2.34 %
Alabama	66,965 BOE	2.27 %
Panhandle Texas	37,351 BOE	1.27 %
Wyoming	23,320 BOE	0.79 %
Arkansas	14,920 BOE	0.51 %
Kansas	14,269 BOE	0.48 %
Michigan	2,447 BOE	0.08 %
North Dakota	2,093 BOE	0.07 %
Montana	1,500 BOE	0.05 %
Total	2,947,259 BOE	100.00 %

The majority of our wells are located within a two-hour drive from our corporate headquarters, which provides for more effective oversight of operations.

Fort Worth Basin Texas

The Fort Worth Basin has been the focal point of the Company since its inception. Our technical personnel have an average of 26 years of exploration, drilling and production experience in the Basin. We also have an extensive collection of geologic and engineering data.

The Fort Worth Basin is a gas prone region with multiple pay zones ranging in depth from 1000-9000 feet. The basin is currently experiencing a drilling boom due to increased natural gas prices and advances in fracturing technology that have unlocked natural gas reserves from the Barnett Shale Formation.

The Barnett Shale is a thick blanket type formation covering the entire basin. The natural gas reserves in place are significant; however, due to the extremely low permeability of the shale, it has been technically difficult to recover these reserves. Recent advances in hydraulic fracturing and horizontal well technology have enabled economic recovery of natural gas reserves in the Fort Worth Basin.

According to the U.S. Geological Survey, it is estimated that there is approximately 26.7 trillion cubic feet (TCF) of undiscovered natural gas, 98.5 million barrels of undiscovered oil, and 1.1 billion barrels of undiscovered natural gas liquids (condensate) in the Bend Arch-Fort Worth Basin Province and more than 98 percent, or 26.2 TCF, of the undiscovered natural gas is located in the Barnett Shale.

The Company has large lease-holdings in the Fort Worth Basin held by production from shallower producing zones. We are planning to drill into the Barnett Shale Formation on these leases. We are also actively seeking and acquiring new leases in the Barnett Shale play.

As of March 31, 2006, the Company reached total depth on the drilling of its fifth Barnett Shale well on its Olex (U.S.) lease in central Denton County, Texas. Our leasehold is offset in all directions by productive Barnett Shale gas wells, and with existing spacing rules, an additional 30 vertical wells could be drilled on this lease.

The Barnett Shale gas play is rapidly expanding into Parker County, Texas where the Company has a large acreage position. The Company intends to focus its efforts on developing Barnett Shale natural gas reserves underlying its leasehold. The Company plans to drill five horizontal Barnett Shale wells in Parker County in the next two years, providing we can secure the necessary drilling equipment on a timely basis. The Company may take on partners to reduce risk in any one project.

In the northeast quarter of Parker County at Springtown, the Company holds approximately 1,750 acres of leasehold by production, and has 3D seismic data across a portion of the acreage. Recently, three horizontal wells offsetting our acreage with initial potentials ranging from 1,000-3,000 MCFG/D were drilled and completed. The Company plans to drill at least three horizontal Barnett Shale wells on this block in the near future. PPC owns and operates a natural gas gathering system at Springtown, Texas that could be used to bring natural gas from these future wells to market.

In southeastern Parker County, near the town of Cresson, the Company holds approximately 325 acres by production. In 2004, another company completed two successful horizontal wells offsetting this acreage. Each of these wells has produced in excess of 300,000 MCFG in the first year of production. The Company plans to drill at least one horizontal Barnett Shale well on this block.

In the northwest portion of Parker County near the town of Peaster, the Company holds approximately 2,200 acres by production which was recently offset by another company. The Company plans to drill at least one horizontal Barnett Shale well on this block.

The Company also holds smaller acreage blocks throughout Parker County as well as in Palo Pinto, Erath and Eastland Counties. The Barnett Shale is present under these blocks, however, as of yet they have not been directly offset by proven productive wells. The limits of economic Barnett Shale gas production in the Fort Worth Basin are continually expanding and these blocks may be proven productive in the future.

Other than the Barnett Shale, the Company has other opportunities to optimize existing natural gas production.

East Texas

In Titus County East Texas during 2005, two previously non-producing oil wells, the Pewitt Ranch B-13 and the Pewitt Ranch A-11 were restored to production adding proved reserves of 25,800 BO (100% WI, 75% NRI).

Gulf Coast

In 2005, a company to which we granted a farm-out on a lease in Bee County, Texas, has drilled a second well on this lease and they are currently producing oil and gas at a rate of 20 BOPD and 280 MCFGD as of March 31, 2006. The Company has retained a 5.625% overriding royalty interest in this lease.

Also during 2005, a second company to which we granted a farm-out on another lease in Bee County, Texas, also drilled a well which was completed in 2006, and is currently producing approximately 280 MCFD. The Company retained a 5.625% overriding royalty interest plus a back-in after payout in this well.

Montana

The Company participated in the drilling and completion of three 2,000 ft. development gas wells in the Bowdoin gas field located in Phillips County, Montana. In addition, the Company agreed to participate in the drilling and completion of two additional wells to be drilled by the same operator in early 2006.

Wyoming

During 2005, four non-operated wells were completed as gas wells. Theses coal bed methane gas wells in the Powder River Basin of Wyoming were attributed with reserves of approximately 140,000 MCFG net to the Company's interest.

Other Areas of Interest

The Company participated during 2005 in the drilling of five development wells in the Arkoma Basin of Arkansas. All six were completed as gas wells. The Company agreed to participate in three additional wells during 2006.

Oil and Natural Gas Reserves

The net crude oil and gas reserves of the Company as of December 31, 2005 were 483,623 barrels of oil and condensate and 14,781,813 MCF (thousand cubic feet) of natural gas. Based on SEC guidelines, the reserves were classified as follows:

Proved Developed Producing	311,674 BO	and	6.9	BCFG
Proved Developed Non-Producing	121,781 BO	and	0.2	BCFG
Proved Undeveloped	50,168 BO	and	7.7	BCFG
Total Proved Reserves	483,623 BO	and	14.8	BCFG

Only reserves that fell within the Proved classification were considered. Other categories such as Probable or Possible Reserves were not considered. No value was given to the potential future development of behind pipe reserves, untested fault blocks, or the potential for deeper reservoirs (other than Barnett Shale proved undeveloped reserves directly offset by producing wells) underlying the Company's properties. Shut-in uneconomic wells and insignificant non-operated interests were excluded.

On a barrel of oil equivalent basis (6MCF/BOE), the reserves are

Natural Gas Reserves	2,463,636 BOE	84%
Oil Reserves	483,623 BOE	16%
Total Reserves	2,947,259 BOE	100%
Proved Developed Producing	1,467,388 BOE	50%
Proved Developed Non-Producing	151,036 BOE	5%
Proved Undeveloped	1,328,834 BOE	45%
Total Proved Reserves	2,947,259 BOE	100%

The Company has operational control over the majority of these reserves and can therefore to a large extent control the timing of development and production.

The Company's Operated Wells	2,670,982 BOE	91%
Non Operated Wells	276,277 BOE	9%
Total	2,947,259 BOE	100%

Financial Information Relating to Industry Segments

The Company has three identifiable business segments: exploration, development and production of oil and natural gas, gas gathering, and commercial real estate investment. Footnote 16 to the Consolidated Financial Statements filed herein sets forth the relevant information regarding revenues, income from operations and identifiable assets for these segments.

Narrative Description of Business

The Company is engaged in the exploration, development and production of oil and natural gas, and the gathering and marketing of natural gas. The Company is also engaged in commercial real estate leasing through the acquisition and partial occupancy of its new corporate headquarters office building.

Principal Products, Distribution and Availability

The principal products marketed by the Company are crude oil and natural gas which are sold to major oil and gas companies, brokers, pipelines and distributors, and oil and gas properties which are acquired and sold to oil and gas development entities. Reserves of oil and gas are depleted upon extraction, and the Company is in competition with other entities for the discovery of new prospects.

The Company is also engaged in the gathering and marketing of natural gas through its subsidiary PPC, which owns 26.1 miles of pipelines and currently gathers approximately 821 MCF of gas per day. Natural gas is gathered for a fee. Substantially all of the gas gathered by the Company is gas produced from wells that the Company operates and in which it owns a working interest.

In December, 2004, the Company purchased land and a two story commercial office building in Dallas, Texas, which it has moved into and uses as its principal headquarters office. The Company leases the remainder of the building to non-related third party commercial tenants at prevailing market rates.

Patents, Licenses and Franchises

Oil and gas leases of the Company are obtained from the owner of the mineral estate. The leases are generally for a primary term of 1 to 5 years, and in some instances as long as 10 years, with the provision that such leases shall be extended into a secondary term and will continue during such secondary term as long as oil and gas are produced in commercial quantities or other operations are conducted on such leases as provided by the terms of the leases. It is generally required that a delay rental be paid on an annual basis during the primary term of the lease unless the lease is producing. Delay rentals are normally $1.00 to $5.00 per net mineral acre.

The Company currently holds interests in producing and non-producing oil and gas leases. The existence of the oil and gas leases and the terms of the oil and gas leases are important to the business of the Company because future additions to reserves will come from oil and gas leases currently owned by the Company, and others that may be acquired, when they are proven to be productive. The Company is continuing to purchase oil and gas leases in areas where it currently has production, and also in other areas.

Dependence on Customers

The following is a summary of significant purchasers from oil and natural gas produced by the Company for the three-year period ended December 31, 2005:

	Year Ended December 31, (1)		
Purchaser	2005	2004	2003
Enbridge Energy Partners	39%	14%	17%
Shell Trading (US) Company	7%	6%	9%
Devon Gas Services, L.P	6%	12%	20%
Plains Marketing, LP.	6%	6%	7%
Crosstex Energy Services, Ltd	5%	8%	-
Dynegy Midstream Services, LIM	5%	11%	-
Panther Pipeline North Texas, Inc.	-%	13%	-
LIG Chemical Company	-%	2%	9%

(1) Percent of Total Oil & Gas Sales

Oil and Gas is sold to approximately 100 different purchasers (such as Devon Gas Services, L.P., Enbridge Energy Partners (formerly Cantera Resources, Inc.), Plains Marketing, L.P., Shell Trading (US) Company, Dynegy Midstream Services, Empire Pipeline Corporation, and Duke

Energy Field Services under market sensitive, short-term contracts computed on a month to month basis.

Except as set forth above, there are no other customers of the Company that individually accounted for more than 5% of the Company's oil and gas revenues during the three years ended December 31, 2005.

The Company currently has no hedged contracts.

Development Activities

The Company's primary oil and gas prospect acquisition efforts have been in known producing areas in the United States with emphasis devoted to Texas.

The Company intends to use a portion of its available funds to participate in drilling activities. Any drilling activity is performed by independent drilling contractors. The Company does not refine or otherwise process its oil and gas production.

Exploration for oil and gas is normally conducted with the Company acquiring undeveloped oil and gas prospects, and carrying out exploratory drilling on the prospect with the Company retaining a majority interest in the prospect. Interests in the property are sometimes sold to key employees and associated companies at cost. Also, interests may be sold to third parties with the Company retaining an overriding royalty interest, carried working interest, or a reversionary interest.

A prospect is a geographical area designated by the Company for the purpose of searching for oil and gas reserves and reasonably expected by it to contain at least one oil or gas reservoir. The Company utilizes its own funds along with the issuance of common stock and options to purchase common stock in some cases, to acquire oil and gas leases covering the lands comprising the prospects. These leases are selected by the Company and are obtained directly from the landowners, as well as from land men, geologists, other oil companies, some of whom may be affiliated with the Company, and by direct purchase, farm-in, or option agreements. After an initial test well is drilled on a property, any subsequent development of such prospect will normally require the Company's participation for the development of the discovery.

Special Tax Provisions

See Footnote 8 to Consolidated Financial Statements.

Employees

The Company, on its own account and through a management contract with its parent corporation, employs or contracts for the services of a total of 48 people. Fourteen are full-time employees or contractors. The remainder are part-time contractors or employees. We believe that our relationships with our employees are good.

In order to effectively utilize our resources in respect to our development program, we employ the services of independent consultants and contractors to perform a variety of professional and technical services, including in the areas of lease acquisition, land-related documentation and contracts, drilling and completion work, pumping, inspection, testing, maintenance and specialized services. We believe that it can more cost effective to utilize the services of consultants and independent contractors for some of these services.

We depend to a large extent on the services of certain key management personnel and officers, and the loss of any these individuals could have a material adverse effect on our operations. The Company does not maintain key-main life insurance policies on its employees.

Financial information about foreign and domestic operations and export sales

All of the Company's business is conducted domestically, with no export sales.

Item 1A. RISK FACTORS

Risks related directly to our Company

You should carefully consider the following risk factors, in addition to the other information set forth in this Report, before investing in shares of our common stock. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock. Some information in this Report may contain "forward-looking" statements that discuss future expectations of our financial condition and results of operation. The risk factors noted in this section and other factors could cause our actual results to differ materially from those contained in any forward-looking statements.

We face significant competition, and many of our competitors have resources in excess of our available resources.

The oil and gas industry is highly competitive. We encounter competition from other oil and gas companies in all areas of our operations, including the acquisition of producing properties and sale of crude oil and natural gas. Our competitors include major integrated oil and gas companies and numerous independent oil and gas companies, individuals and drilling and income programs. Many of our competitors are large, well established companies with substantially larger operating staffs and greater capital resources than us. Such companies may be able to pay more for productive oil and gas properties and exploratory prospects and to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. Our ability to acquire additional properties and to discover reserves in the future will depend upon our ability to evaluate and select suitable properties and to consummate transactions in this highly competitive environment.

Exploratory drilling is a speculative activity that may not result in commercially productive reserves and may require expenditures in excess of budgeted amounts.

Drilling activities are subject to many risks, including the risk that no commercially productive oil or gas reservoirs will be encountered. There can be no assurance that new wells drilled by us will be productive or that we will recover all or any portion of our investment. Drilling for oil and gas may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. The cost of drilling, completing and operating wells is often uncertain. Our drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, many of which are beyond its control, including economic conditions, mechanical problems, pressure or irregularities in formations, title problems, weather conditions, compliance with governmental requirements and shortages in or delays in the delivery of equipment and services. In today's environment, shortages make drilling rigs, labor and services difficult to obtain and could cause delays or inability to proceed with our drilling and development plans. Such equipment shortages and delays sometimes involve drilling rigs where inclement weather prohibits the movement of land rigs causing a high demand for rigs by a large number of companies during a relatively short period of time. Our future drilling activities may not be successful. Lack of drilling success could have a material adverse effect on our financial condition and results of operations.

Our operations are also subject to all the hazards and risks normally incident to the development, exploitation, production and transportation of, and the exploration for, oil and gas, including unusual or unexpected geologic formations, pressures, down hole fires, mechanical failures, blowouts, explosions, uncontrollable flows of oil, gas or well fluids and pollution and other environmental risks. These hazards could result in substantial losses to us due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations. We participate in insurance coverage maintained by the operator of its wells, although there can be no assurances that such coverage will be sufficient to prevent a material adverse effect to us in such events.

The vast majority of our oil and gas reserves are classified as proved reserves. Recovery of the Company's future proved undeveloped reserves will require significant capital expenditures. Our management estimates that aggregate capital expenditures of approximately $7,178,000 will be required to fully develop some of these reserves in the next twenty-four months. No assurance can be given that our estimates of capital expenditures will prove accurate, that our financing sources will be sufficient to fully fund our planned development activities or that development activities will be either successful or in accordance with our schedule. Additionally, any significant decrease in oil and gas prices or any significant increase in the cost of development could result in a significant reduction in the number of wells drilled and/or reworked. No assurance can be given that any wells will produce oil or gas in commercially profitable quantities.

We are subject to uncertainties in reserve estimates and future net cash flows.

This annual report contains estimates of our oil and gas reserves and the future net cash flows from those reserves, which have been prepared internally by our petroleum engineer. There are numerous uncertainties inherent in estimating quantities of reserves of oil and gas and in projecting future rates of production and the timing of development expenditures, including many factors beyond our control. The reserve estimates in this annual report are based on various assumptions, including, for example, constant oil and gas prices, operating expenses, capital expenditures and the availability of funds, and, therefore, are inherently imprecise indications of future net cash flows. Actual future production, cash flows, taxes, operating expenses, development expenditures and quantities of recoverable oil and gas reserves may vary substantially from those assumed in the estimates. Any significant variance in these assumptions could materially affect the estimated quantity and value of reserves set forth in this prospectus. Additionally, our reserves may be subject to downward or upward revision based upon actual production performance, results of future development and exploration, prevailing oil and gas prices and other factors, many of which are beyond our control.

The present value of future net reserves discounted at 10% (the "PV-10") of proved reserves referred to in this annual report should not be construed as the current market value of the estimated proved reserves of oil and gas attributable to our properties. In accordance with applicable requirements of the SEC, the estimated discounted future net cash flows from proved reserves are generally based on prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially higher or lower. Actual future net cash flows also will be affected by: (i) the timing of both production and related expenses; (ii) changes in consumption levels; and (iii) governmental regulations or taxation. In addition, the calculation of the present value of the future net cash flows using a 10% discount as required by the SEC is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with our reserves or the oil and gas industry in general. Furthermore, our reserves may be subject to downward or upward revision based upon actual production, results of future development, supply and demand for oil and gas, prevailing oil and gas prices and other factors. See "Properties - Oil and Gas Reserves."

We are subject to various operating and other casualty risks that could result in liability exposure or the loss of production and revenues.

Our oil and gas business involves a variety of operating risks, including, but not limited to, unexpected formations or pressures, uncontrollable flows of oil, gas, brine or well fluids into the environment (including groundwater contamination), blowouts, fires, explosions, pollution and other risks, any of which could result in personal injuries, loss of life, damage to properties and substantial losses. Although we carry insurance at levels that we believe are reasonable, we are not fully insured against all risks. We do not carry business interruption insurance. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on our financial condition and operations.

From time to time, due primarily to contract terms, pipeline interruptions or weather conditions, the producing wells in which we own an interest have been subject to production curtailments. The curtailments range from production being partially restricted to wells being completely shut-in. The duration of curtailments varies from a few days to several months. In most cases, we are provided only limited notice as to when production will be curtailed and the duration of such curtailments. We are not currently experiencing any material curtailment of our production.

We intend to increase our development and, to a lesser extent, exploration activities. Exploration drilling and, to a lesser extent, development drilling of oil and gas reserves involve a high degree of risk that no commercial production will be obtained and/or that production will be insufficient to recover drilling and completion costs. The cost of drilling, completing and operating wells is often uncertain. Our drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment. Furthermore, completion of a well does not assure a profit on the investment or a recovery of drilling, completion and operating costs.

We depend to a large extent on the services of Chris G. Mazzini, our President, Chairman of the Board, and Chief Executive Officer. The loss of the services of Mr. Mazzini would have a material adverse effect on our operations. We have not entered into any employment contracts with our executive officer and have not obtained key personnel life insurance on Mr. Mazzini.

Certain of our affiliates control a majority of our outstanding common stock, which may affect your vote as a shareholder.

Our executive officers, directors and their affiliates hold approximately 81% of our outstanding shares of common stock. As a result, officers, directors and their affiliates and such shareholders have the ability to exert significant influence over our business affairs, including the ability to control the election of directors and results of voting on all matters requiring shareholder approval. This concentration of voting power may delay or prevent a potential change in control.

Certain of our affiliates have engaged in business transactions with the Company, which may result in conflicts of interest.

Certain officers, directors and related parties, including entities controlled by Mr. Mazzini, the President and Chief Executive Officer, have engaged in business transactions with the Company which were not the result of arm's length negotiations between independent parties. Our management believes that the terms of these transactions were as favorable to us as those that could have been obtained from unaffiliated parties under similar circumstances. All future transactions between us and our affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties and will be approved by a majority of the disinterested members of our Board of Directors.

Our common stock is traded on the Over-the-Counter Bulletin Board ("OTC BB"), symbol "SPND". The liquidity of our common stock may be adversely affected, and purchasers of our common stock may have difficulty selling our common stock, if our common stock does not continue to trade in that or another suitable trading market.

There is presently only a limited public market for our common stock, and there is no assurance that a ready public market for our securities will develop. It is likely that any market that develops for our common stock will be highly volatile and that the trading volume in such market will be limited. The trading price of our common stock could be subject to wide fluctuations in response to quarter-to-quarter variations in our operating results, announcements of our drilling results and other events or factors. In addition, the U.S. stock market has from time to time experienced extreme price and volume fluctuations that have affected the market price for many companies and which often have been unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our securities.

We do not intend to declare dividends in the foreseeable future.

Our Board of Directors presently intends to retain all of our earnings for the expansion of our business. We therefore do not anticipate the distribution of cash dividends in the foreseeable future. Any future decision of our Board of Directors to pay cash dividends will depend, among other factors, upon our earnings, financial position and cash requirements.

Our company employed and contract land professionals have reviewed title records or other title review materials relating to substantially all of our producing properties. The title investigation performed by us prior to acquiring undeveloped properties is thorough, but less rigorous than that conducted prior to drilling, consistent with industry standards. We believe we have satisfactory title to all our producing properties in accordance with standards generally accepted in the oil and gas industry. Our properties are subject to customary royalty interests, liens incident to operating agreements, liens for current taxes and other burdens, which we believe do not materially interfere with the use of or affect the value of such properties. At December 31, 2005, our leaseholds for some of our net acreage were being kept in force by virtue of production on that acreage in paying quantities. The remaining net acreage was held by lease rentals and similar provisions and requires production in paying quantities prior to expiration of various time periods to avoid lease termination.

We expect to make acquisitions of oil and gas properties from time to time subject to available resources. In making an acquisition, we generally focus most of our title and valuation efforts on the more significant properties. It is generally not feasible for us to review in-depth every property we purchase and all records with respect to such properties. However, even an in-depth review of properties and records may not necessarily reveal existing or potential problems, nor will it permit us to become familiar enough with the properties to assess fully their deficiencies and capabilities. Evaluation of future recoverable reserves of oil and gas, which is an integral part of the property selection process, is a process that depends upon evaluation of existing geological, engineering and production data, some or all of which may prove to be unreliable or not indicative of future performance. To the extent the seller does not operate the properties, obtaining access to properties and records may be more difficult. Even when problems are identified, the seller may not be willing or financially able to give contractual protection against such problems, and we may decide to assume environmental and other liabilities in connection with acquired properties.

The Company's ability to Finance its future operations and investments.

Our business is highly capital-intensive requiring continuous development and acquisition of oil and gas reserves. In addition, capital is required to operate and expand our oil and gas field operations and purchase equipment. At December 31, 2005, we had working capital of $4,381,000. We anticipate that we will be able to meet our cash requirements for the next 12 months. However, if such plans or assumptions change or prove to be inaccurate, we could be required to seek additional financing sooner than currently anticipated.

We have funded our operations, acquisitions and expansion costs primarily through the generation of our internally generated cash flow. Our success in obtaining the necessary capital resources to fund future costs associated with our operations and expansion plans is dependent upon our ability to: (i) increase revenues through acquisitions and recovery of our proved producing and proved developed non-producing oil and gas reserves; and (ii) maintain effective cost controls at the corporate administrative office and in field operations. However, even if we achieve some success with our plans, there can be no assurance that we will be able to generate sufficient revenues to achieve significant profitable operations or fund our expansion plans.

We have substantial capital requirements necessary for undeveloped properties for which we may not be able to obtain adequate financing.

Development of our properties will require additional capital resources. We have no commitments to obtain any additional debt or equity financing and there can be no assurance that additional financing will be available, when required, on favorable terms to us. The inability to obtain additional financing could have a material adverse effect on us, including requiring us to curtail significantly our oil and gas acquisition and development plans or farm-out development of our properties. Any additional financing may involve substantial dilution to the interests of our shareholders at that time.

Oil and natural gas prices fluctuate widely and low prices could have a material adverse impact on our business and financial results.

Our revenues, profitability and the carrying value of its oil and gas properties are substantially dependent upon prevailing prices of, and demand for, oil and gas and the costs of acquiring, finding, developing and producing reserves. Our ability to obtain borrowing capacity, to repay future indebtedness, and to obtain additional capital on favorable terms is also substantially dependent upon oil and gas prices. Historically, the markets for oil and gas have been volatile and are likely to continue to be volatile in the future. Prices for oil and gas are subject to wide fluctuations in response to: (i) relatively minor changes in the supply of, and demand for, oil and gas; (ii) market uncertainty; and (iii) a variety of additional factors, all of which are beyond our control. These factors include domestic and foreign political conditions, the price and availability of domestic and imported oil and gas, the level of consumer and industrial demand, weather, domestic and foreign government relations, the price and availability of alternative fuels and overall economic conditions. Furthermore, the marketability of our production depends in part upon the availability, proximity and capacity of gathering systems, pipelines and processing facilities. Volatility in oil and gas prices could affect our ability to market our production through such systems, pipelines or facilities. As of December 31, 2005, approximately 68% of our gas production is currently sold to six gas marketing firms on a month-to-month basis at prevailing spot market prices. Oil prices remained subject to unpredictable political and economic forces during 2004, 2005 and 2006, and experienced fluctuations similar to those seen in natural gas prices for the year. We believe that oil prices will continue to fluctuate in response to changes in the policies of the Organization of Petroleum Exporting Countries ("OPEC"), changes in demand from many Asian countries, current events in the Middle East, security threats to the United States, and other factors associated with the world political and economic environment. As a result of the many uncertainties associated with levels of production maintained by OPEC and other oil producing countries, the availabilities of worldwide energy supplies and competitive relationships and consumer perceptions of various energy sources, we are unable to predict what changes will occur in crude oil and natural gas prices.

We may be responsible for additional costs in connection with abandonment of properties.

We are responsible for payment of plugging and abandonment costs on its oil and gas properties pro rata to our working interest. Based on our experience, we anticipate that in most cases, the ultimate aggregate salvage value of lease and well equipment located on our properties will exceed the costs of abandoning such properties. There can be no assurance, however, that we will be successful in avoiding additional expenses in connection with the abandonment of any of our properties. In addition, abandonment costs and their timing may change due to many factors, including actual production results, inflation rates and changes in environmental laws and regulations.

Risks that Involve the Oil & Gas Industry in General.

We are subject to various governmental regulations which may cause us to incur substantial costs.

Our operations are affected from time to time in varying degrees by political developments and federal, state and local laws and regulations. In particular, oil and gas production related operations are or have been subject to price controls, taxes and other laws and regulations relating to the oil and gas industry. Failure to comply with such laws and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases our cost of doing business and affects our profitability. Although we believe we are in substantial compliance with all applicable laws and regulations, because such laws and regulations are frequently amended or reinterpreted, we are unable to predict the future cost or impact of complying with such laws and regulations.

Sales of natural gas by us are not regulated and are generally made at market prices. However, the Federal Energy Regulatory Commission ("FERC") regulates interstate natural gas transportation rates and service conditions, which affect the marketing of natural gas produced by us, as well as the revenues received by us for sales of such production. Sales of our natural gas currently are made at uncontrolled market prices, subject to applicable contract provisions and price fluctuations that normally attend sales of commodity products.

Since the mid-1980's, the FERC has issued a series of orders, culminating in Order Nos. 636, 636-A and 636-B ("Order 636"), that have significantly altered the marketing and transportation of natural gas. Order 636 mandated a fundamental restructuring of interstate pipeline sales and transportation service, including the unbundling by interstate pipelines of the sale, transportation, storage and other components of the city-gate sales services such pipelines previously performed. One of the FERC's purposes in issuing the orders was to increase competition within all phases of the natural gas industry. Order 636 and subsequent FERC orders issued in individual pipeline restructuring proceedings have been the subject of appeals, and the courts have largely upheld

Order 636. Because further review of certain of these orders is still possible, and other appeals may be pending, it is difficult to exactly predict the ultimate impact of the orders on us and our natural gas marketing efforts. Generally, Order 636 has eliminated or substantially reduced the interstate pipelines' traditional role as wholesalers of natural gas, and has substantially increased competition and volatility in natural gas markets.

While significant regulatory uncertainty remains, Order 636 may ultimately enhance our ability to market and transport our natural gas, although it may also subject us to greater competition, more restrictive pipeline imbalance tolerances and greater associated penalties for violation of such tolerances.

The FERC has announced several important transportation-related policy statements and proposed rule changes, including the appropriate manner in which interstate pipelines release capacity under Order 636 and, more recently, the price which shippers can charge for their released capacity. In addition, in 1995, the FERC issued a policy statement on how interstate natural gas pipelines can recover the costs of new pipeline facilities. In January 1997, the FERC issued a policy statement and a request for comments concerning alternatives to its traditional cost-of-service rate making methodology. A number of pipelines have obtained FERC authorization to charge negotiated rates as one such alternative. While any additional FERC action on these matters would affect us only indirectly, these policy statements and proposed rule changes are intended to further enhance competition in natural gas markets. We cannot predict what the FERC will take on these matters, nor can we predict whether the FERC's actions will achieve its stated goal of increasing competition in natural gas markets. However, we do not believe that we will be treated materially differently than other natural gas producers and marketers with which we compete.

The price we receive from the sale of oil is affected by the cost of transporting such products to market. Effective January 1, 1995, the FERC implemented regulations establishing an indexing system for transportation rates for oil pipelines, which, generally, would index such rates to inflation, subject to certain conditions and limitations. These regulations could increase the cost of transporting oil by interstate pipelines, although the most recent adjustment generally decreased rates. These regulations have generally been approved on judicial review. We are not able to predict with certainty the effect, if any, of these regulations on its operations. However, the regulations may increase transportation costs or reduce wellhead prices for oil.

The State of Texas and many other states require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration for and production of oil and gas. Such states also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and gas properties, the establishment of maximum rates of production from wells and the regulation of spacing, plugging and abandonment of such wells. The statutes and regulations of certain states limit the rate at which oil and gas can be produced from our properties. However, we do not believe we will be affected materially differently by these statutes and regulations than any other similarly situated oil and gas company.

We are subject to various environmental risks which may cause us to incur substantial costs.

Our operations and properties are subject to extensive and changing federal, state and local laws and regulations relating to environmental protection, including the generation, storage, handling and transportation of oil and gas and the discharge of materials into the environment, and relating to safety and health. The recent trend in environmental legislation and regulation generally is toward stricter standards, and this trend will likely continue. These laws and regulations may require the acquisition of a permit or other authorization before construction or drilling commences and for certain other activities; limit or prohibit construction, drilling and other activities on certain lands lying within wilderness and other protected areas; and impose substantial liabilities for pollution resulting from our operations. The permits required for our various operations are subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce compliance with their regulations, and violations are subject to fines, penalties or injunctions. In the opinion of management, we are in substantial compliance with current applicable environmental laws and regulations, and we have no material commitments for capital expenditures to comply with existing environmental requirements. Nevertheless, changes in existing environmental laws and regulations or in interpretations thereof could have a significant impact on us. The impact of such changes, however, would not likely be any more burdensome to us than to any other similarly situated oil and gas company.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the "Superfund" law, and similar state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons that are considered to have contributed to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. Furthermore, neighboring landowners and other third parties may file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

We generate typical oil and gas field wastes, including hazardous wastes that are subject to the federal Resources Conservation and Recovery Act and comparable state statutes. The United States Environmental Protection Agency and various state agencies have limited the approved methods of disposal for certain hazardous and non-hazardous wastes. Furthermore, certain wastes generated by our oil and gas operations that are currently exempt from regulation as "hazardous wastes" may in the future be designated as "hazardous wastes," and therefore be subject to more rigorous and costly operating and disposal requirements.

The Oil Pollution Act ("OPA") imposes a variety of requirements on responsible parties for onshore and offshore oil and gas facilities and vessels related to the prevention of oil spills and liability for damages resulting from such spills in waters of the United States. The "responsible party" includes the owner or operator of an onshore facility or vessel or the lessee or permittee of, or the holder of a right of use and easement for, the area where an onshore facility is located. OPA assigns liability to each responsible party for oil spill removal costs and a variety of public and private damages from oil spills. Few defenses exist to the liability for oil spills imposed by OPA. OPA also imposes financial responsibility requirements. Failure to comply with ongoing requirements or inadequate cooperation in a spill event may subject a responsible party to civil or criminal enforcement actions.

We own or lease properties that for many years have produced oil and gas. We also own natural gas gathering systems. It is not uncommon for such properties to be contaminated with hydrocarbons. Although we or previous owners of these interests may have used operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties or on or under other locations where such wastes have been taken for disposal. These properties may be subject to federal or state requirements that could require us to remove any such wastes or to remediate the resulting contamination. All of our properties are operated by third parties over whom we have limited control. Notwithstanding our lack of control over properties operated by others, the failure of the previous owners or operators to comply with applicable environmental regulations may, in certain circumstances, adversely impact us.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES

OIL AND GAS PROPERTIES

The following table sets forth pertinent data with respect to the Company-owned oil and gas properties, all located within the continental United States, as estimated by the Company:

	Year Ended December 31,		
	2005	2004	2003
Gas and Oil Properties, net (1):			
Proved developed gas reserves-Mcf (2)	7,110,000	6,888,000	4,978,000
Proved undeveloped gas reserves-Mcf (3)	7,672,000	6,844,000	4,375,000
Total proved gas reserves-Mcf	14,782,000	13,732,000	9,353,000
Proved Developed Crude Oil and Condensate reserves-Bbls (2)	434,000	390,000	365,000
Proved Undeveloped crude oil and Condensate reserves-Bbls (3)	50,000	29,000	-
Total proved crude oil and condensate Reserves-Bbls	484,000	419,000	365,000

	Year Ended December 31,		
	2005	2004	2003
Present Value of Estimated Future Net Reserves from proved reserves (4)(5) (Before Income Tax)			
Developed	$26,466,000	$15,118,000	$10,726,000
Undeveloped	10,857,000	8,279,000	1,106,000
Total Developed and Undeveloped	$37,323,000	$23,397,000	$11,832,000

(1) The estimate of the net proved oil and gas reserves, future net revenues, and the present value of future net revenues.
(2) "Proved Developed Oil and Gas Reserves" are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

(3) "Proved Undeveloped Reserves" are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. See Footnote 18 to the Financial Statements, Supplemental Reserve Information (Unaudited), for further explanation of the changes for 2003 through 2005.

(4) "Estimated Future Net Revenues" are computed by applying current prices of oil and gas, less the estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves.

(5) "Present Value of Estimated Future Net Revenues" is computed by discounting the Estimated Future Net Revenues at the rate of ten percent (10%) per year on a pretax basis in accordance with the Securities and Exchange Commission Rules and Regulations.

Wells Drilled and Completed

The Company's working interests in exploration and development wells completed during the years indicated were as follows:

	Year Ended December 31,					
	2005		2004		2003	
	Gross	Net	Gross	Net	Gross	Net
Exploratory Wells (1):						
Productive	-	-	-	-	-	-
Non-Productive	-	-	-	-	-	-
Total	-	-	-	-	-	-
Development Wells (2):						
Productive	14.000	1.639	10.000	1.171	2.000	.765
Non-Productive	-	-	-	-	-	-
Total	14.000	1.639	10.000	1.171	2.000	.765
Total Exploration & Development Wells:						
Productive	14.000	1.639	10.000	1.171	2.000	.765
Non-Productive	-	-	-	-	-	-
Total	14.000	1.639	10.000	1.171	2.000	.765

(1) An exploratory well is a well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

(2) A development well is a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

The following tables set forth additional data with respect to production from Company-owned oil and gas properties, all located within the continental United States:

	For the years ended December 31				
	2005	2004	2003	2002	2001
Oil and Gas Production, net:					
Natural Gas (Mcf)	655,568	577,099	540,799	499,081	472,728
Crude Oil & Condensate (Bbl)	21,323	23,098	28,747	9,553	9,229
Average Sales Price per Unit Produced:					
Natural Gas ($/Mcf)	$ 6.74	$ 5.44	$ 4.33	$ 3.02	$ 4.07
Crude Oil & Condensate($/Bbl)	$ 52.50	$ 38.90	$ 25.14	$ 23.27	$ 25.19
Average Production Cost per Equivalent Barrel (1) (2)	$ 13.38	$ 11.69	$ 10.41	$ 8.51	$ 9.15

(1) Includes severance taxes and ad valorem taxes.
(2) Gas production is converted to equivalent barrels at the rate of six Mcf per barrel, representing relative energy content of natural gas to oil.

The Company owns producing royalties and overriding royalties under properties located in Texas. The revenue from these properties is not significant.

The Company is not aware of any major discovery or other favorable or adverse event that is believed to have caused a significant change in the estimated proved reserves since December 31, 2005.

The Company currently has leases covering in excess of 7,300 gross acres in Denton, Eastland, Erath, Hood, Palo Pinto, Parker, and Tarrant Counties, Texas (currently held by production), that the Company believes may have drilling locations in the Barnett Shale Formation. The Company has included some of these potential locations in its calculation of proven undeveloped oil and gas reserves. See Footnote 18 to the Financial Statement for an expanded description of this activity.

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OFFICE SPACE

On December 27, 2004, the Company acquired a commercial office building. The property acquired is a two story multi-tenant, garden office building with a sub-grade parking garage. The 23 year old building contains approximately 46,286 rentable square feet and sits on a 1.4919 acre block of land situated in north Dallas, Texas in close proximity to hotels, restaurants and shopping areas (the Galleria/Valley View Mall) with easy access to Interstate Highway 635 (LBJ Freeway) and Dallas Parkway (North Dallas Toll Road). The Company occupies approximately 8,668 square feet of the building as its primary office headquarters, and leases the remaining space in the building to non-related third party commercial tenants at prevailing market rates.

The address of the Company's principal executive offices is One Spindletop Centre, 12850 Spurling Road, Suite 200, Dallas, Texas 75230. The telephone number is (972) 644-2581.

PIPELINES

The Company owns, through its subsidiary, PPC, 26.1 miles of natural gas pipelines in Parker, Palo Pinto and Eastland Counties, Texas. Additionally on January 30, 2004, the Company acquired an inactive natural gas pipeline in South Central Kansas. The Kansas pipeline was later sold in December, 2004. These pipelines are steel and polyethylene and range in size from 2 inches to 8 inches. These pipelines primarily gather natural gas from wells operated by the Company and in which the Company owns a working interest, but also for other parties.

The Company normally does not purchase and resell natural gas, but gathers gas for a fee. The fees charged in some cases are subject to regulations by the State of Texas and the Federal Energy Regulatory Commission. Average daily volumes of gas gathered by the pipelines owned by the Company were 821, 806, and 713 MCF per day for 2005, 2004, and 2003 respectively.

Oil Field Production Equipment

The Company owns various natural gas compressors, pumping units, dehydrators and various other pieces of oil field production equipment.

Substantially all of the equipment is located on oil and gas properties operated by the Company and in which it owns a working interest. The rental fees are charged as lease operating fees to each property and each owner.

Chris G. Mazzini and Michelle H. Mazzini, through a limited partnership in which they are limited partners, started an oil field service company which provides roustabout and swabbing services at rates which are at or below market to the Company. The oil field service company plans to expand equipment and services they provide. This oil field services company does work exclusively for the Company and its parent company Giant Energy Corp. The Company benefits by having immediate access to services in a tight market.

Item 3. LEGAL PROCEEDINGS

Neither the Registrant nor its subsidiaries nor any officers or directors is a party to any material pending legal proceedings for or against the Company or its subsidiary nor are any of their properties subject to any proceedings.

Item 4. SUBMISSION OF MATTERS OF SECURITY HOLDERS TO A VOTE

During the fourth quarter of the registrant's fiscal year covered by this report, no matter was submitted to a vote of security holders of the registrant.

PART II

Item 5. MARKET FOR THE COMPANY'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's common stock trades over-the-counter under the symbol "SPND".

Prior to 2004, no significant public trading market had been established for the Company's common stock. The Company does not believe that listings of bid and asking prices for its stock are indicative of the actual trades of its stock, since trades are made infrequently. However during 2004, there was a material increase in the number of shares traded and a material increase in the stock price. The following table shows high and low trading prices for each quarter in 2003, 2004 and 2005.

	Price Per Share	
	High	Low
2003		
First Quarter	.40	.40
Second Quarter	.55	.25
Third Quarter	.55	.26
Fourth Quarter	1.01	.32
2004		
First Quarter	2.00	.70
Second Quarter	1.50	1.00
Third Quarter	2.45	1.30
Fourth Quarter	2.55	1.60
2005		
First Quarter	5.50	2.00
Second Quarter	3.55	2.05
Third Quarter	4.20	1.90
Fourth Quarter	4.80	3.11

During the First Quarter of 2006, subsequent to year end, the following high and low prices were recorded for the Company's common stock.

	Price Per Share	
	High	Low
2006		
First Quarter	5.15	3.26

There is no amount of common stock that is subject to outstanding warrants to purchase, or securities convertible into, common stock of the Company.

As of March 31, 2006, there were approximately 585 record holders of the Company's Common Stock.

The Company has not paid any dividends since its reorganization and it is not contemplated that it will pay any dividends on its Common Stock in the foreseeable future. The Business Loan Agreement entered into between the Company and JPMorgan Chase Bank for the purpose of acquiring the commercial office building contains restrictions on the payment of dividends in the event a default under terms of the Business Loan Agreement has occurred and is continuing or would result from the payment of such dividends or distributions.

The Registrant currently serves as its own stock transfer agent and registrar.

During the fourth quarter of the fiscal year ended December 31, 2005, the Company did not repurchase any of its equity securities. The Board of Directors has not approved nor authorized any standing repurchase program.

Item 6. SELECTED FINANCIAL DATA

The selected financial information presented should be read in conjunction with the consolidated financial statements and the related notes thereto.

	For the years ended December 31				
	2005	2004	2003	2002	2001
Total Revenue	$6,395,000	$ 4,515,000	$ 3,458,000	$ 2,084,000	$ 2,610,000
Net Income (Loss)	1,417,000	1,266,000	987,000	382,000	776,000
Earnings per Share	$ 0.19	$ 0.16	$ 0.13	$ 0.05	$ 0.10

	As of December 31,				
	2005	2004	2003	2002	2001
Total Assets	$11,387,000	$ 9,715,000	$ 5,395,000	$ 3,764,000	$ 3,486,000
Long-Term Debt	1,679,000	1,680,000	-	-	55,000

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

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.

Results of Operations:

2005 Compared to 2004

Both oil and gas revenues increased for the year 2005. This was due primarily to an approximate 24% increase in average gas prices from $5.44 per Mcf in 2004 to $6.74 per Mcf in 2005. Average oil prices received by the Company also increased approximately 35% from $38.93 per bbl in 2004 to $52.50 in 2005. Natural gas production was approximately 656,000 Mcf in 2005 compared to approximately 577,000 in 2004, an increase of approximately 14%. The increased gas production was due primarily to production added by the Olex wells in Denton County, Texas which were completed early in 2005. Oil production was approximately 21,300 bbls in 2005 compared to 23,000 bbls in 2004. an approximate decrease 7%. This decrease in production was due primarily to the curtailment of oil production in South Texas due to problems with some salt water disposal facilities which the Company intends to correct during 2006.

Gas gathering and compression fee income was up slightly during 2005 as a result of an increase in production from properties served by PPC. The Company charges a fee for transportation of gas from the well site to the purchaser's pipeline, and in some cases provides and charges for compression services.

Interest income is up due to the Company's policy of investing excess cash funds in higher earning money market accounts as opposed to checking accounts, as well as the higher level of cash balances earning interest in 2005 as compared to 2004. Interest rates were also slightly higher than in the previous year.

Lease operating expenses were higher in 2005 because costs to operate have increased. As oil and gas prices have escalated, operating cost, costs of oil field services and equipment have also increased.

Amortization of the full cost pot (depletion) was up in 2005 due to an increase in the cost of acquisitions and the projected cost to develop the proved undeveloped reserves which were added to the full cost pot. In addition, $230,000 was added to the depletable basis due to the implementation of FAS143 for the addition of the asset retirement obligation. The depletion rate also increased from 4.2% in 2004 to 4.7% in 2005.

General and administrative expenses increased approximately $262,000. Approximately $222,000 was due to direct and indirect personnel costs of salary, contract labor, payroll taxes, benefits and associated expenses associated with the increased number of personnel from twelve to fourteen full-time and from 44 to 48 part time and contract employees. General liability insurance premium increases accounts for the additional increases.

The increase in other revenues is due mainly to a $96,000 paid to the company for a farm-out of leasehold interest held by the Company, and approximately $18,000 of plant product sales by PPC.

Interest expense for 2005 was due to the note payable incurred on December 27, 2004 for purchase of the Commercial office building.

2004 Compared to 2003

Oil and gas revenues increased for the year 2004. This was due primarily to an approximate 26% increase in average gas prices from $4.33 per Mcf in 2003 to $5.44 per Mcf in 2004. Average oil prices received by the Company also increased approximately 55% from $25.14 per bbl in 2003 to $38.90 per bbl in 2004. Natural gas production was approximately 577,099 Mcf in 2004 compared to 540,799 Mcf in 2003, and increase of approximately 7%. The increase gas production is due primarily to bringing on-line our second Denton County gas well. Oil production was approximately 23,098 Bbls in 2004 compared to 28,747 in 2003, an approximate decrease of 20%. The oil production decrease is attributed to an east Texas property that was shut-in early in 2004.

Gas gathering and compression fee income was up slightly during 2004 as a result of an increase in production from properties served by PPC. The Company charges a fee for transportation of gas from the well site to the purchaser's pipeline, and in some cases provides and charges for compression services.

Interest income is up due to the Company's policy of investing excess cash funds in higher earning money market accounts as opposed to checking accounts, as well as the higher level of cash balances earning interest in 2004 as compared to 2003.

Lease operating expenses were higher in 2004 because costs to operate have increased. As oil and gas prices have escalated, operating cost, costs of oil field services and equipment have also increased.

Amortization of the full cost pot (depletion) was up in 2004 due to an increase in the cost of acquisitions added to the full cost pot, the addition of reserves and the resulting increase in production for the year.

General and administrative expenses increased approximately $257,000. Approximately $227,000 was due to direct and indirect personnel costs of salary, contract labor, payroll taxes, benefits and associated expenses associated with the increased number of personnel from eight to 12 full-time and from 39 to 44 part time and contract employees. Approximately $30,000 was a one-time expense related to legal fees, bank charges and closing costs associated with the acquisition of the commercial office building.

The increase in other revenues is due mainly to a $57,000 lease bonus paid to the company, and approximately $15,000 of plant product sales by PPC.

Interest expense decreased due to payoff of the note payable to a related party in May, 2003 and related amortization of the note discount.

Certain Factors That Could Affect Future Operations

Certain information contained in this report, as well as written and oral statements made or incorporated by reference from time to time by the Company and its representatives in other reports, filings with the Securities and Exchange Commission, press releases, conferences, teleconferences or otherwise, may be deemed to be 'forward-looking statements' within the meaning of Section 21E of the Securities Exchange Act of 1934 and are subject to the 'Safe Harbor' provisions of that section.

Forward-looking statements include statements concerning the Company's and management's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying such forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", and similar expressions are intended to identify such forward-looking statements. Actual results and developments could differ materially from those expressed in or implied by such statements due to these and other factors.

Item 8. CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES INDEX AT PAGE 41

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

The Company's internal control over financial reporting is designed 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 in the United States of America ("GAAP"). Because of the inherent limitations of internal control over financial reporting, including the possibility of human error and the circumvention or overriding of controls, material misstatements may not be prevented or detected on a timely basis. Accordingly, even internal controls determined to be effective can provide only reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and represented within the time periods required. Furthermore, projections or any evaluation of the effectiveness as to future periods are subject to the risk that such controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Evaluation of Disclosure Controls and Procedures

Management, under the supervision of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2005. Based upon that most recent evaluation, which was completed as of the end of the period covered by this Form 10-K, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at December 31, 2005, to ensure that information required to be disclosed in reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period specified in Securities Exchange Commission Rules and Forms.

Changes in Internal Control Over Financial Reporting.

There have been no changes in the Registrant's internal control over financial reporting during the quarter ended December 31, 2005, that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not Applicable

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Directors and Executive Officers of the Company and certain information concerning them is set forth below:

Name	Age	Position
Chris G. Mazzini	48	Chairman of the Board, Director and President
Michelle H. Mazzini	44	Director, Vice President and Secretary
Paul E. Cash	73	Director

All directors hold offices until the next annual meeting of the shareholders or until their successors are duly elected and qualified. Officers of the Company serve at the discretion of the board of directors.

Business Experience

Chris Mazzini, Chairman of the Board of Directors and President, graduated from the University of Texas at Arlington in 1979 with a Bachelor of Science degree in geology. He started his career in the oil and gas industry in 1978, and began as a petroleum geologist with Spindletop in 1979, working the Fort Worth Basin of North Texas. He became Vice President of Geology at Spindletop in 1982, and served in that capacity until he left the Company in 1985 when he founded Giant Energy Corp. ("Giant"). Mr. Mazzini has served as President of Giant since then. He rejoined the Company in December 1999 when he, through Giant, purchased controlling interest from Mr. Cash. Mr. Mazzini has been Chairman of the Board of Directors and President of the Company since 1999 and is a Certified and Licensed Petroleum Geologist. Mr. Mazzini has worked numerous geological basins throughout the United States with an emphasis on the Fort Worth Basin. He is responsible for several new field discoveries in the Fort Worth Basin.

Michelle Mazzini, Vice President and General Counsel, received her Bachelor of Science Degree in Business Administration (Major: Accounting) from the University of Southwestern Louisiana (now named University of Louisiana at Lafayette) where she graduated magna cum laude in 1985. She earned her law degree from Louisiana State University where she graduated Order of the Coif in 1988. Ms. Mazzini began her career with Thompson & Knight, a large law firm in Dallas, where she focused her practice on general corporate and finance transactions. She also worked as Corporate Counsel for Alcatel USA, a global telecommunications manufacturing corporation where her practice was broad-based. Ms. Mazzini serves as Vice President and General Counsel of the Company.

Paul E. Cash, Director, is a graduate of The University of Texas (B.B.A.-Accounting) and is a Certified Public Accountant. He has been active in the oil and gas industry for over 40 years, during which time he has served as financial officer of two publicly-owned companies, Texas Gas

Producing Co. and Landa Oil Co., and also served as president of publicly-owned Continental American Royalty Co., Bloomfield Royalty Co., Southern Bankers Investment Co., Spindletop Oil & Gas Co. (a Utah Corporation), Double River Oil & Gas Co., and Loch Exploration Inc. He has also been an officer and part owner of several private oil and gas companies and partnerships. Mr. Cash also formerly served as Mayor of the City of Sunnyvale, Texas.

Key Employees

In addition to the services provided through the management contract with Giant by Mr. Mazzini, Ms. Mazzini (both of whom have biographies listed above) and the services of another Giant employee, the Company also relies extensively on the key employees identified below.

Robert E. Corbin, Controller, has been a full-time employee of Spindletop since April 2002. From May 2001 until April 2002, Mr. Corbin was an independent accounting consultant and devoted substantially all of his time to Spindletop. He has been active in the oil and gas industry for over 30 years, during which time he has served as financial officer of a publicly-held company as well as several private oil and gas companies and partnerships. Mr. Corbin graduated from Texas Tech University in 1969 with a BBA degree in accounting and began his accounting career as an auditor with Arthur Andersen & Co. in 1970. Mr. Corbin is a Certified Public Accountant.

Kent Fouret, Petroleum Geologist, has been a full-time employee of Spindletop since September 2004. He has over 26 years experience in the oil and gas industry as a petroleum geologist. Mr. Fouret graduated cum laude from Texas A & M University in 1978 with a Bachelor of Science in Geology, and in 1980, received a Master of Science in Geology from Texas A & M University. He has a large amount of experience in the Fort Worth Basin and is a Certified Petroleum Geologist.

Mike Keen, Petroleum Engineer, joined the company in March, 2006. Mr. Keen has over 25 years experience in the oil and gas industry. He graduated magna cum laude from Rose-Hulman Institute of Technology in May 1975 with a Bachelor of Science degree in Mechanical Engineering. Mr. Keen started his career with Texaco, Inc. in Great Bend, Kansas working primarily in the mid-continent area. Mr. Keen then moved to North Texas and went to work for Mitchell Energy Corporation primarily focusing on the Fort Worth Basin. He also worked for Huffco in Indonesia, Aminoil in South Texas and most recently for Envirogas, primarily in the Appalachian and Illinois Basins, before switching to the “downstream” side of the industry to work for Indiana Gas Company the largest gas utility in Indiana at the time.

Jack Koestline, Petroleum Engineer and Geologist, has been full-time employee for Spindletop since January 2004. Prior to that, he worked as a Petroleum Engineer for BP Amoco in Alaska. From 1981 to 1993, Mr. Koestline worked as a Petroleum Geologist for Spindletop, with an emphasis on the Fort Worth Basin. He has 26 years experience in the oil and gas industry. Mr. Koestline graduated in 1980 from the University of Texas at Arlington with a Bachelor of Science Degree in Geology, and in 1998, received his Master of Science Degree in Petroleum Engineering from the Colorado School of Mines.

Dick A. Mastin, Petroleum Landman, has been a full-time employee of the Company since February, 2006. Mr. Mastin graduated cum laude from Stephen F. Austin State University in 1980 with a Bachelor of Science in Forestry and a minor in General Business. From September of 1980 until December of 1985, Mr. Mastin worked for Spindletop Oil & Gas Co. as a Petroleum Landman. He received his Masters of Science in Management and Administrative Sciences from the University of Texas at Dallas in 1990. In January of 1987, he took a position with the Dallas office of the Federal Bureau of Investigation. After a year with the Bureau, he accepted a position with the Internal Revenue Service as a Revenue Agent. Fifteen of his eighteen years with the Service were spent in the Large and Mid-Sized Business unit auditing tax returns of the largest business entities.

Glenn E. Sparks is the Land Director and also acts as Associate General Counsel to the Company. Mr. Sparks was previously employed as a landman by the Company from 1982 through 1986, prior to attending law school. Mr. Sparks holds a B.B.A. with a concentration in Finance from the University of Texas at Arlington, and a J.D. from Texas Tech University School of Law. From 1990 to 2005, Mr. Sparks practiced law in a private practice focusing primarily on oil and gas law and real estate, as a partner in the law firm of Logan & Sparks, PLLC, and has acted as outside legal counsel for the Company in numerous oil and gas transactions during his years in private practice. Mr. Sparks left his private law practice and joined the Company again as an employee in his current position in 2005. Mr. Sparks is Board Certified in Oil & Gas Mineral Law by the Texas Board of Legal Specialization.

Family Relationships

Michelle Mazzini, Vice President, Secretary and General Counsel is the wife of Chris Mazzini, Chairman of the Board and President.

Involvement in Certain Legal Proceedings

None of the directors or executive officers of the Registrant, during the past five years, has been involved in any civil or criminal legal proceedings, bankruptcy filings or has been the subject of an order, judgment or decree of any Federal or State authority involving Federal or State securities laws.

Item 11. EXECUTIVE COMPENSATION

Cash Compensation

For the year ended December 31, 2005, neither Mr. Mazzini nor Ms. Mazzini took any salary from the Company. None of the executive officers were paid cash compensation by the Company at an annual rate in excess of $100,000. Mr. Mazzini and Ms. Mazzini are both employed by Giant. Management fees the Company paid to Giant are used to reimburse a portion of Mr. Mazzini's, Ms. Mazzini's and other Giant employees' salaries for time spent working on matters for the Company.

Compensation Pursuant to Plan

None

Other Compensation

Key employees and officers of the Company, may sometimes be assigned overriding royalty interests and/or carried working interest in prospects acquired by or generated by the Company. These interests normally vary from less than one percent to three percent for each employee or officer. There is no set formula or policy for such program, and the frequency and amounts are largely controlled by the economics of each particular prospect.

During 2005, the Company issued 20,000 shares of restricted stock out of Treasury Stock to a key employee pursuant to an employment package. See Footnote No. 7, to the Financial Statements for further detail.

Compensation of Directors

Directors are not currently compensated nor are there plans to compensate them for their services on the board. In 2006, subsequent to year-end Mr. Cash was paid a director's fee of $10,000 to compensate him for his position as the Board of Directors' Financial Expert.

Termination of Employment and Change of Control Arrangement

There are no plans or arrangements for payment to officers or directors upon resignation or a change in control of the Registrant.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners and Managers

The table below sets forth the information indicated regarding ownership of the Registrant's common stock, $.01 par value, the only outstanding voting securities, as of December 31, 2005 with respect to: (i) any person who is known to the Registrant to be the owner of more than five percent (5%) of the Registrant's common stock; (ii) the common stock of the Registrant beneficially owned by each of the directors of the Registrant and, (iii) by all officers and directors as a group. Each person has sole investment and voting power with respect to the shares indicated, except as otherwise set forth in the footnotes to the table.

Name and Address Of Beneficial Owner	Number of Shares	Nature of Beneficial Ownership	Pct Based On Outstanding Percent of Class
Chris Mazzini 12850 Spurling Rd., Suite 200 Dallas, Texas 75230	5,900,543	(1)	77%
Paul E. Cash 12850 Spurling Rd., Suite 200 Dallas, Texas 75230	308,468	Direct	4%
All officers and directors as a group	6,209,011		81%

(1) Chris Mazzini directly owns 39,654 shares (1%). Giant Energy Corp., directly owns 5,860,889 shares (76%). Chris Mazzini owns 100% of the common stock of Giant Energy Corp.

Changes in control

The Company is not aware of any arrangements or pledges with respect to its securities that may result in a change in control of the Company.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with management and others

Certain officers, directors and related parties, including entities controlled by Mr. Mazzini, the President and Chief Executive Officer, have engaged in business transactions with the Company which were not the result of arm's length negotiations between independent parties. Our management believes that the terms of these transactions were as favorable to us as those that could have been obtained from unaffiliated parties under similar circumstances. All future transactions between us and our affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties and will be approved by a majority of the disinterested members of our Board of Directors.

There is a management services agreement between Giant and the Company. Details of the agreement are shown below under Certain Business Relationships.

During 2005 the Company participated in the drilling of the Giant Energy Corp. Porter #2 well, a vertical Barnett Shale well in Parker County, Texas, which was completed in June 2005 with an initial production of 128 MCFG/D and 1 BO/D. The Company owns a 35% working interest and a 26.25% net revenue interest in the Porter #2 well. Giant Energy Corp owns a 19% working interest (15.2% net revenue interest) and Chris Mazzini owns a 3.9% overriding royalty interest in the well.

Chris G. Mazzini and Michelle H. Mazzini, through a limited partnership in which they are limited partners, started an oil field service company which provides roustabout and swabbing services at rates which are at or below market to the Company. The oil field service company plans to expand equipment and services they provide. This oil field services company does work exclusively for the Company and its parent company Giant Energy Corp. The Company benefits by having immediate access to services in a tight market.

<u>Certain Business Relationships</u>

The Long-term Debt, which is secured by the commercial office building, is also guaranteed individually by Chris G. Mazzini and Michelle H. Mazzini, related parties.

There is a management services agreement between Giant and the Company which has been in effect since 1999. This agreement provides monthly payments from the Company to Giant in the amount of $20,000 in exchange for several of Giant's personnel providing management, administrative and other services to the Company and for the use of certain Giant assets. We believe the management services agreement described above was made on terms no less favorable than if we had entered into the transaction with an unrelated party.

Key employees and officers of the Company may sometimes be assigned overriding royalty interests and/or carried working interests in prospects acquired by or generated by the Company. These interests normally vary from less than one percent to three percent for each employee or officer. There is no set formula or policy for such program, and the frequency and amounts are largely controlled by the economics of each particular prospect. We believe that these types of compensation arrangements enable us to attract, retain and provide additional incentives to qualified and experienced personnel.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for professional services rendered to Spindletop Oil & Gas Co. and Subsidiaries for the years 2005 and 2004 by accounting firm, Farmer, Fuqua, & Huff, P.C.

Type of Fees	2005	2004
Audit Fees	14,000	14,000
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-

Members of the Board of Directors (the "Board") fulfill the responsibilities of an audit committee and have established policies and Procedures for the approval and pre-approval of audit services and permitted non-audit services. The Board has the responsibility to engage and terminate Farmer, Fuqua, & Huff, P.C. independent auditors, to pre-approve their performance of audit services and permitted non-audit services, to approve all audit and non-audit fees, and to set guidelines for permitted non-audit services and fees. All the fees for 2005 and 2004 were pre-approved by the Board or were within the pre-approved guidelines for permitted non-audit services and fees established by the Board, and there were no instances of waiver of approved requirements or guidelines during the same periods.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

(1) FINANCIAL STATEMENTS: The following financial statements of the Registrant and Report of Independent Registered Public Accounting Firm therein are filed as part of this Report on Form 10-K:

(2) FINANCIAL STATEMENT SCHEDULES: Other financial statement schedules have been omitted because the information required to be set forth therein is not applicable, is immaterial or is shown in the consolidated financial statements or notes thereto.

(3) EXHIBITS

The following documents are filed as exhibits (or are incorporated by reference as indicated) into this Report:

Exhibit Designation	Description
3.1	Articles of Incorporation of Spindletop Oil & Gas Co. (previously filed with our General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
3.2	Bylaws of Spindletop Oil & Gas Co. (previously filed with our General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
14*	Code of Ethics for Senior Financial Officers

21*	Subsidiaries of the Registrant
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer
32*	Officers' Section 1350 Certifications

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* Filed herewith

(b) The Index of Exhibits is included following the Financial Statement Schedules beginning at page 52 of this Report.

(c) The Index to Consolidated Financial Statements and Supplemental Schedules is included following the signatures, beginning at page 28 of this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPINDLETOP OIL & GAS CO.

Dated: April 14, 2006

By /s/ Chris Mazzini

Chris Mazzini
President, Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following on behalf of the Company and in the capacities and on the dates indicated.

Signatures	Capacity	Date
Principal Executive Officers:		
/s/ Chris Mazzini Chris Mazzini	President, Director (Principal Executive Officer)	April 14, 2006
/s/ Michelle Mazzini Michelle Mazzini	Vice President, Secretary, Director	April 14, 2006
/s/ Robert E. Corbin Robert E. Corbin	Controller (Principal Financial and Accounting Officer)	April 14, 2006
/s/ Paul E. Cash Paul E. Cash	Director	April 14, 2006

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
Index to Consolidated Financial Statements and Schedules

All other schedules have been omitted because they are not applicable, not required, or the information has been supplied in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Spindletop Oil & Gas Co.

We have audited the accompanying consolidated balance sheets of Spindletop Oil & Gas Co. (A Texas Corporation) and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Spindletop Oil & Gas Co. and subsidiaries as of December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the index of consolidated financial statements are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

FARMER FUQUA & HUFF, P.C.

Plano, Texas
April 13, 2006

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31	
	2005	2004
ASSETS		
Current Assets		
Cash	$ 5,508,000	$ 4,352,000
Accounts receivable, trade	1,228,000	617,000
Prepaid income tax	-	190,000
Total current assets	6,736,000	5,159,000
Property and Equipment, at cost		
Oil and gas properties (full cost method)	6,819,000	5,983,000
Rental equipment	399,000	399,000
Gas gathering systems	145,000	145,000
Other property and equipment	157,000	102,000
	7,520,000	6,629,000
Accumulated depreciation and amortization	(4,807,000)	(4,059,000)
Total property and equipment, net	2,713,000	2,570,000
Real Estate Property, at cost		
Land	688,000	688,000
Commercial office building	1,298,000	1,298,000
Accumulated depreciation	(49,000)	(1,000)
Total real estate property, net	1,937,000	1,985,000
Other Assets	1,000	1,000
Total Assets	$11,387,000	$ 9,715,000

The accompanying notes are an integral part of these statements.

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

	As of December 31	
	2005	2004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable, current portion	$ 120,000	$ 120,000
Accounts payable and accrued liabilities	1,943,000	2,068,000
Income tax payable	20,000	-
Tax savings benefit payable	97,000	97,000
Total current liabilities	2,180,000	2,285,000
Noncurrent Liabilities		
Notes payable, long-term portion	1,440,000	1,680,000
Asset Retirement Obligation	239,000	-
Total noncurrent liabilities	1,679,000	1,680,000
Deferred income tax payable	794,000	461,000
Shareholders' Equity		
Common stock, $.01 par value; 100,000,000 Shares authorized; 7,677,471 shares issued and 7,585,803 shares outstanding at December 31, 2005. 7,667,471 shares issued and 7,565,803 shares outstanding at December 31, 2004.	77,000	77,000
Additional paid-in capital	831,000	806,000
Treasury Stock at cost	(42,000)	(45,000)
Retained earnings	5,868,000	4,451,000
Total shareholders' equity	6,734,000	5,289,000
Total Liabilities and Shareholders' Equity	$11,387,000	$ 9,715,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2005	2004	2003
Revenues			
Oil and gas revenue	$ 5,541,000	$ 4,039,000	$ 3,100,000
Revenue from lease operations	120,000	127,000	92,000
Gas gathering, compression and Equipment rental	167,000	158,000	152,000
Real estate rental income	302,000	3,000	-
Interest income	132,000	100,000	107,000
Other	133,000	88,000	7,000
Total revenue	6,395,000	4,515,000	3,458,000
Expenses			
Lease operations	1,747,000	1,235,000	1,237,000
Pipeline and rental operations	29,000	24,000	30,000
Real estate operations	484,000	2,000	-
Depreciation and amortization	795,000	498,000	331,000
General and administrative	1,125,000	903,000	646,000
Interest expense	105,000	-	3,000
Total expenses	4,285,000	2,662,000	2,247,000
Income before income tax	2,110,000	1,853,000	1,211,000
Current tax provision	360,000	144,000	385,000
Deferred tax provision	333,000	443,000	(161,000)
	693,000	587,000	224,000
Net income	$ 1,417,000	$ 1,266,000	$ 987,000
Earnings per Share of Common Stock			
Basic	$ 0.19	$ 0.16	$ 0.13
Diluted	$ 0.19	$ 0.16	$ 0.13
Weighted Average Shares Outstanding	7,573,365	7,567,875	7,536,740
Diluted Shares Outstanding	7,573,365	7,592,670	7,648,110

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 2004 and 2003

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings
Balance at December 31, 2002	7,582,471	$ 76,000	$ 776,000	103,334	$(18,000)	$ 2,198,000
Issuance of 25,000 Shares of Common Stock for the Purchase of a Drilling prospect	25,000	-	-	-	-	-
Issuance of 70,000 Shares of Common Stock upon exercise of stock option	70,000	1,000	20,000	-	-	-
Net Income	-	-	-	-	-	987,000
Balance at December 31, 2003	7,677,471	77,000	796,000	103,334	(18,000)	3,185,000
Purchase of Treasury Stock	-	-	-	83,334	(40,000)	-
Issuance of 75,000 shares of Common Stock upon exercise of option out of Treasury Stock	-	-	10,000	(75,000)	13,000	-
Net Income	-	-	-	-	-	1,266,000
Balance at December 31, 2004	7,677,471	77,000	806,000	111,668	(45,000)	4,451,000
Issuance of 20,000 shares of Common Stock out of Treasury Stock as part of an employee compensation package	-	-	25,000	(20,000)	3,000	-
Net Income	-	-	-	-	-	1,417,000
Balance at December 31, 2005	7,677,471	$ 77,000	$ 831,000	91,668	$(42,000)	$ 5,868,000

The accompanying notes are an integral part of these statements.

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

	Years Ended December 31,		
	2005	2004	2003
Cash Flows from Operating Activities			
Net Income	$ 1,417,000	$ 1,266,000	$ 987,000
Reconciliation of net income to net cash provided by Operating Activities			
Depreciation and amortization	795,000	498,000	331,000
Amortization of note discount	-	-	(3,000)
Changes in accounts receivable	(611,000)	(52,000)	(291,000)
Changes in prepaid income tax	190,000	(190,000)	109,000
Changes in accounts payable	(125,000)	1,106,000	548,000
Changes in current taxes payable	20,000	(278,000)	278,000
Changes in deferred taxes payable	333,000	443,000	(161,000)
Changes in other assets	-	1,000	(2,000)
Net cash provided by operating activities	2,019,000	2,794,000	1,796,000
Cash flows from Investing Activities			
Capitalized acquisition, exploration and development costs	(619,000)	(884,000)	(1,162,000)
Purchase of property and equipment	(55,000)	(18,000)	-
Purchase of commercial office building	-	(185,000)	-
Proceeds from sale of properties	23,000	-	-
Net cash provided by (used for) investing activities	(651,000)	(1,087,000)	(1,162,000)
Cash Flows from Financing Activities			
Repayment of note payable related party	-	-	(39,000)
Repayment of note payable to a bank	(240,000)	-	-
Purchase of treasury stock	-	(40,000)	-
Sale of common stock	28,000	23,000	21,000
Net cash used for financing activities	(212,000)	(17,000)	(18,000)
Increase in cash	1,156,000	1,690,000	616,000
Cash at beginning of period	4,352,000	2,662,000	2,046,000
Cash at end of period	$ 5,508,000	$ 4,352,000	$ 2,662,000

The accompanying notes are an integral part of these statements.

1. BASIS OF PRESENTATION AND ORGANIZATION

Merger and Basis of Presentation

On July 13, 1990, Prairie States Energy Co., a Texas corporation, (the Company) merged with Spindletop Oil & Gas Co., a Utah corporation (the Acquired Company). The name of Prairie States Energy Co. was changed to Spindletop Oil & Gas Co., a Texas corporation at the time of the merger.

Organization and Nature of Operations

The Company was organized as a Texas corporation in September 1985, in connection with the Plan of Reorganization ("the Plan"), effective September 9, 1985, of Prairie States Exploration, Inc., ("Exploration"), a Colorado corporation, which had previously filed for Chapter 11 bankruptcy. In connection with the Plan, Exploration was merged into the Company, with the Company being the surviving corporation. After giving effect to the stock split discussed in Note 2, up to a total of 166,667 of the Company's common shares may be issued to Exploration's former shareholders. As of December 31, 2005, 2004, and 2003, 122,436 shares have been issued to former shareholders in connection with the Plan.

Spindletop Oil & Gas Co. is engaged in the exploration, development and production of oil and natural gas; and through one of its subsidiaries, the gathering and marketing of natural gas.

On December 27, 2004, the Company purchased a commercial office building and related land. The building contains approximately 46,286 of rentable square feet, of which the Company occupies approximately 8,668 square feet as its corporate office headquarters. The Company leases the remaining space in the building to non-related third party commercial tenants at prevailing market rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Consolidation

The consolidated financial statements include the accounts of Spindletop Oil & Gas Co. and its wholly owned subsidiaries, Prairie Pipeline Co. and Spindletop Drilling Company. All significant inter-company transactions and accounts have been eliminated.

Oil and Gas Properties

The Company follows the full cost method of accounting for its oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves are capitalized and accounted for in cost centers, on a country-by-country basis. If unamortized costs within a cost center exceed the cost center ceiling (as defined), the excess is charged to expense during the year in which the excess occurs.

Depreciation and amortization for each cost center are computed on a composite unit-of-production method, based on estimated proven reserves attributable to the respective cost center. All costs associated with oil and gas properties are currently included in the base for computation and amortization. Such costs include all acquisition, exploration and development costs. All of the Company's oil and gas properties are located within the continental United States.

Gains and losses on sales of oil and gas properties are treated as adjustments of capitalized costs. Gains or losses on sales of property and equipment, other than oil and gas properties, are recognized as part of operations. Expenditures for renewals and improvements are capitalized, while expenditures for maintenance and repairs are charged to operations as incurred.

Property and Equipment

The Company, as operator, leases equipment to owners of oil and gas wells, on a month-to-month basis.

The Company, as operator, transports gas through its gas gathering systems, in exchange for a fee.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives (5 to 10 years for rental equipment and gas gathering systems, 4 to 5 years for other property and equipment). The straight-line method of depreciation is used for financial reporting purposes, while accelerated methods are used for tax purposes.

Real Estate Property

The Company owns land along with a two-story commercial office building which is situated thereon. The Company occupies a portion of the building as its primary corporate headquarters, and leases the remaining space in the building to non-related third party commercial tenants at prevailing market rates. The Company depreciates the commercial office using the straight-line method of depreciation for financial statement and income tax purposes.

Inventory

Inventory consists of oil field materials and supplies, stated at the lower of average cost or market.

Investments in Real Estate and Oil and Gas Properties

All investments in oil and gas properties and in real estate holdings are stated at cost or adjusted carrying value. Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), requires that a property be considered impaired if the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the property. If impairment exists, an impairment loss is recognized by a charge against earning equal to the amount by which the carrying amount of the property exceeds fair market value less cost to sell the property. If impairment of a property is recognized, the carrying amount of the property is reduced by the amount of the impairment, and a new cost for the property is established. Depreciation is provided over the properties estimated remaining useful life. There was no charge to earnings during 2005 due to impairment of oil and gas properties or real estate holdings.

Accounting for Asset Retirement Obligations

The Company adopted Statement of Financial Accounting Standards No. 143 ("SFAS 143") "Accounting for Asset Retirement Obligations" on December 31, 2005. The adoption of SFAS 143 on December 31, 2005 resulted in a cumulative effect adjustment to record a $239,000 increase in the carrying value of our oil and gas properties, and an asset retirement obligation liability of the same amount. This statement requires us to record a liability in the period in which an asset retirement obligation ("ARO") is incurred, in an amount equal to the discounted estimated fair value of the obligation that is capitalized. Thereafter, each quarter, this liability is accreted up to the final retirement cost. The determination of our ARO is based on our estimate of the future cost to plug and abandon our oil and gas wells. The actual costs could be higher or lower than our current estimates.

Income Taxes

The Company accounts for income taxes pursuant to Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109), which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. The temporary differences primarily relate to depreciation, depletion and intangible drilling costs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	December 31, 2005	December 31, 2004
Trade	$ 160,000	$ 268,000
Accrued receivable	1,082,000	379,000
	1,242,000	647,000
Less: Allowance for losses	(14,000)	(30,000)
	$ 1,228,000	$ 617,000

4. ACCOUNTS PAYABLE

	December 31, 2005	December 31, 2004
Trade payables	$ 137,000	$ 1,053,000
Production proceeds payable	1,739,000	929,000
Other	67,000	86,000
	$ 1,943,000	$ 2,068,000

5. NOTES PAYABLE

	December 31, 2005	December 31, 2004
Note payable to a bank with monthly principal payments of $10,000 plus Accrued interest; interest at a variable annual interest rate based upon an index which is the Treasury Securities Rate for a term of seven years, plus 2.20%. The interest rate is subject to change on the first day of each seven year anniversary after the date of the note based on the Index then in effect. As of the date of the Loan, the annual interest rate was 6.11%. The note is collateralized by land and commercial office building, plus a guarantee by certain related parties.	$ 1,560,000	$ 1,800,000
Less current maturities	120,000	120,000
Total notes payable, long-term portion	$ 1,440,000	$ 1,680,000

Estimated annual maturities for long-term debt are as follows:

2006	$ 120,000
2007	120,000
2008	120,000
2009	120,000
2010	120,000
thereafter	960,000

6. RELATED PARTY TRANSACTIONS

Since 1999 Giant has charged the Company a fee pursuant to a management services agreement. This agreement provides monthly payments from the Company to Giant in the amount of $20,000 in exchange for several of Giant's personnel providing management, administrative and other services to the Company and for the use of certain Giant assets.

The Company has guaranteed a $50,000 letter of credit and a $25,000 letter of credit issued by a credit union for the benefit of two affiliated companies in favor of the Railroad Commission of Texas. These letters of credit were issued in accordance with the filing of a P-5 Organization Report as required by the Texas Natural Resources Code in order to perform operations within the jurisdiction of the Railroad Commission of Texas. These letters of credit are secured by a restriction of certain funds of the Company on deposit at the credit union issuing the letters of credit.

The Long-term Debt, which is secured by the commercial office building, is also guaranteed individually by Chris G. Mazzini and Michelle H. Mazzini, related parties.

7. COMMON STOCK

Effective August 15, 2005, the Company issued 20,000 shares of restricted common stock to a key employee pursuant to an employment package. The shares were valued at $1.44 per share, a 60% discount from the believed market value for free trading shares at the time of issue of $3.60 per share. The discount was determined based in part on the fact that the shares were restricted and could not be sold or traded for at least one year from date of issue. The amount was expensed as general and administrative expense. The shares of common stock were issued out of Treasury Stock and reduced the amount of the Company's common stock held in Treasury from 111,668 to 91,668 shares.

8. INCOME TAXES

The Company accounts for income taxes pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). SFAS 109 utilizes the liability method of computing deferred income taxes.

In connection with the Plan discussed in Note 1, the Company agreed to pay, in cash, to Exploration's unsecured creditors, as defined, one-half of the future reductions of Federal income taxes which were directly related to any allowed carryovers of Exploration's net operating losses and investment tax credits. Such payments are to be made on a pro-rata basis. Amounts incurred under this agreement, which are considered contingent consideration under APB No. 16, totaled $ -0-, $ -0-, and $ -0- in 2005, 2004 and 2003, respectively. As of December 31, 2005 the Company has not received a ruling from the Internal Revenue Service concerning the net operating loss and investment credit carryovers. Until the tax savings which result from the utilization of these carry-forwards is assured, the Company will not pay to Exploration's unsecured creditors any of the tax savings benefit. As of December 31, 2005 and 2004, the Company owes $97,000 respectively to Exploration's unsecured creditors.

In calculating tax savings benefits described above, consideration was given to the alternative minimum tax, where applicable, and the tax effects of temporary differences, as shown below:

Income tax differed from the amounts computed by applying an effective U.S. federal income tax rate of 34% to pretax income in 2005, 2004 and 2003 as a result of the following:

	2005	2004	2003
Computed expected tax expense	$ 718,000	$ 649,000	$ 424,000
Miscellaneous timing differences related to book and tax depletion differences and the expensing of intangible drilling costs	(358,000)	(505,000)	(39,000)
	$ 360,000	$ 144,000	$ 385,000

Deferred income taxes reflect the effects of temporary differences between the tax bases of assets and liabilities and the reported amounts of those assets and liabilities for financial reporting purposes. Deferred income taxes also reflect the value of net operating losses, investment tax credits and an offsetting valuation allowance. The Company's total deferred tax assets and corresponding valuation allowance at December 31, 2005 and 2004 consisted of the following:

	December 31,	
	2005	2004
Deferred tax assets		
Investment tax credit carry-forwards	$ -	$ 1,000
Depreciation, depletion and amortization	441,000	497,000
Other, net	9,000	8,000
Total	450,000	506,000
Deferred tax liabilities		
Expired leasehold	(58,000)	(50,000)
Intangible drilling costs	(1,186,000)	(917,000)
Net deferred tax liability	(794,000)	(461,000)

9. CASH FLOW INFORMATION

The Company does not consider any of its assets, other than cash and certificates of deposit shown as cash on the balance sheet, to meet the definition of a cash equivalent.

Net cash provided by operating activities includes cash payments for interest of $105,000, $ -0- and $ -0- for the years 2005, 2004 and 2003, respectively. Also included are cash payments for taxes of $373,000, $260,000, and $ 122,000 in 2005, 2004 and 2003, respectively.

Excluded from the Consolidated Statements of Cash Flows were the effects of certain non-cash investing and financing activities, as follows:

	2005	2004	2003
Addition to Oil & Gas Properties by recognition of Asset Retirement Obligation	$ 239,000	-	-
Purchase of land and commercial office building in exchange for note payable	-	1,800,000	-
Accounts Receivable, Other in Exchange for the sale of interest in non-operated oil & gas lease	-	-	735,000
Acquisition of various mineral interests	-	-	(97,000)
	$ 239,000	$ 1,800,000	$ 638,000

10. 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.

11. CONCENTRATIONS OF CREDIT RISK

As of December 31, 2005, the Company had approximately $3,167,000 in accounts at one bank, including $535,000 of short term certificates of deposit and $1,941,000 in one Credit Union. The Company also had $200,000 invested in short term certificates of deposit at each of two other banking institutions.

Most of the Company's business activity is located in Texas. Accounts receivable as of December 31, 2005 and 2004 are due from both individual and institutional owners of joint interests in oil and gas wells as well as purchasers of oil and gas. A portion of the Company's ability to collect these receivables is dependent upon revenues generated from sales of oil and gas produced by the related wells.

12. FINANCIAL INSTRUMENTS

The estimated fair value of the Company's financial instruments at December 31, 2005 and 2004 follow:

	2005 Carrying Amount	2005 Fair Value	2004 Carrying Amount	2004 Fair Value
Cash	$ 5,508,000	$ 5,508,000	$ 4,352,000	$ 4,352,000
Accounts receivable	1,228,000	1,228,000	617,000	617,000

The fair value amounts for each of the financial instruments listed above approximate carrying amounts due to the short maturities of these instruments.

13. COMMITMENTS AND CONTINGENCIES

In connection with the Plan of Reorganization discussed in Note 1, the Company agreed to pay, in cash, to Exploration's unsecured creditors, as defined, one-half of the future reduction of Federal income taxes which were directly related to any allowed carryovers of Exploration's net operating losses and investment tax credits existing at the time of the reorganization.

The Company's oil and gas exploration and production activities are subject to Federal, State and environmental quality and pollution control laws and regulations. Such regulations restrict emission and discharge of wastes from wells, may require permits for the drilling of wells, prescribe the spacing of wells and rate of production, and require prevention and clean-up pollution.

Although the Company has not in the past incurred substantial costs in complying with such laws and regulations, future environmental restrictions or requirements may materially increase the Company's capital expenditures, reduce earnings, and delay or prohibit certain activities.

At December 31, 2005 the Company has acquired bonds and letters of credit issued in favor of various state regulatory agencies as mandated by state law in order to comply with financial assurance regulations required to perform oil and gas operations within the various state jurisdictions.

The Company has eleven, $5,000 single-well bonds totaling $55,000 with an insurance company, for wells the Company operates in Alabama. The bonds are written for a three year period. The Company also has a single-well bond in the amount of $10,000 with a different insurance company for a well operated in New Mexico. This bond renews annually.

The Company has nine letters of credit from a credit union issued for the benefit of various state regulatory agencies in Texas, Oklahoma, and Louisiana, ranging in amounts from $25,000 to $50,000 and totaling $300,000. These letters of credit have expiration dates that range from April 30, 2006 through March 31, 2007 and are fully secured by funds on deposit with the credit union in business money market accounts.

14. OPERATING LEASE OBLIGATIONS

None

15. ADDITIONAL OPERATIONS AND BALANCE SHEET INFORMATION

Certain information about the Company's operations for the years ended December 31, 2005, 2004, and 2003 follows.

<u>Sale of Oil & Gas Properties</u>

Effective August 1, 2003, the Company sold its working interest in a non-operated property (the "Relinquished Property") for a sales price of $735,000. On August 18, 2003, the proceeds of the sale were deposited directly from the purchaser into the account of a third party intermediary (the "Exchanger") that specializes in deferred like-kind exchanges under IRC Section 1031. The Exchanger holds the sales proceeds pending timely identification of and the closing on the acquisition of potential qualifying like-kind replacement properties. Subsequent to the initial transaction, the Company acquired various mineral interests from a third party for the sum of $97,000, and the acquisition price was paid out of the funds being held by the Exchanger. After 180 days, any funds not used to acquire qualifying properties are to be returned to the Company, and the Company will recognize a taxable gain on the unused proceeds.

As of December 31, 2003, the Exchanger held approximately $638,000 for the account of the Company. The transaction has been reported in the accompanying financial statements as an Other Account Receivable, with the net proceeds from the sale being credited to Oil & Gas Properties under the full cost method of accounting.

On January 30, 2004, the Company purchased a gas pipeline for a purchase price of $200,000 plus fees, which was paid by the Exchanger out of funds held on behalf of the Company. Both of the above purchases (the "Replacement Property") qualify as tax-free exchanges under IRC Section 1031. On February 12, 2004, the Exchanger transferred approximately $437,500 into the Company's bank account, representing the net proceeds after purchase of the Replacement Properties. This amount less the basis of the Relinquished Property, of approximately $56,000, was taxable to the Company in 2003, and accordingly a provision for current income taxes of approximately $130,000 has been recorded in the books of the Company. Under the full cost method of accounting, the gain on the sale of the Relinquished Property of approximately $679,000, is not recognized as income from current operations in the Company's income statement, but the full amount of the sales price of $735,000 is treated as an adjustment to capital costs. The purchase price of the $97,270 property is recorded as an addition to Oil and Gas Properties at year-end. The acquisition cost of $200,200 of the second Replacement Property acquired in 2004 was recorded as an Oil and Gas Property addition in 2004.

Effective December 15, 2004, the Company sold the aforementioned gas pipeline for a sales price of $225,000. The sale qualified as a tax-free exchange under IRC Section 1031. The proceeds of the sale were deposited directly from the purchaser into the account of a third party intermediary (the "Exchanger") that specializes in deferred like-kind exchanges under IRC Section 1031. On December 27, 2004, subsequent to the initial transaction, the Company acquired real estate in the form of land and a commercial office building from a third party for the sum of $2,038,000, and a portion of the purchase price was paid out of the funds being held by the Exchanger.

Effective November 1, 2005, the Company sold its working interest and operations in the Beth #1 and #2 wells in Gray County, Texas for $22,500 in cash.

Significant Oil and Gas Purchasers

Dependence on Purchasers

The Company's oil sales are made on a day to day basis at approximately the current area posted price. The loss of any oil purchaser would not have an adverse effect upon operations. The Company generally contracts to sell its natural gas to purchasers pursuant to short-term contracts. Additionally, some of the Company's natural gas not under contract is sold at the then current prevailing "spot" price on a month to month basis. Following is a summary of significant oil and gas purchasers during the three-year period ended December 31, 2005.

	Year Ended December 31, (1)		
Purchaser	2005	2004	2003
Enbridge Energy Partners	39%	14%	17%
Shell Trading (US) Company	7%	6%	9%
Devon Gas Services, L.P	6%	12%	20%
Plains Marketing, LP.	6%	6%	7%
Crosstex Energy Services, Ltd	5%	8%	-
Dynegy Midstream Services, LIM	5%	11%	-
Panther Pipeline North Texas, Inc.	-%	13%	-
LIG Chemical Company	-%	2%	9%

(1) Percent of Total Oil & Gas Sales

Oil and Gas is sold to approximately 100 different purchasers (such as Devon Gas Services, L.P., Enbridge Energy Partners (formerly Cantera Resources, Inc.), Plains Marketing, L.P., Shell Trading (US) Company, Dynegy Midstream Services, Empire Pipeline Corporation, and Duke Energy Field Services under market sensitive, short-term contracts computed on a month to month basis.

Except as set forth above, there are no other customers of the Company that individually accounted for more than 5% of the Company's oil and gas revenues during the three years ended December 31, 2005.

The Company currently has no hedged contracts.

Certain revenues, costs and expenses related to the Company's oil and gas operations are as follows:

	Year Ended December 31,		
	2005	2004	2003
Capitalized costs relating to oil and gas producing activities:			
Unproved properties	$ 349,000	$ 696,000	$ 154,000
Proved properties	6,470,000	5,287,000	4,306,000
Total capitalized costs	6,819,000	5,983,000	4,460,000
Accumulated amortization	(4,196,000)	(3,467,000)	(2,990,000)
Total capitalized costs, net	$ 2,623,000	$ 2,516,000	$ 1,470,000

	Year Ended December 31,		
	2005	2004	2003
Costs incurred in oil and gas property acquisition, exploration and development:			
Acquisition of properties	$ -	$ -	$ 538,000
Development costs	621,000	1,526,000	720,000
Total costs incurred	$ 621,000	$ 1,526,000	$ 1,258,000

	Year Ended December 31,		
	2005	2004	2003
Results of Operations from producing activities:			
Sales of oil and gas	$ 5,541,000	$ 4,039,000	$ 3,100,000
Production costs	1,747,000	1,235,000	1,237,000
Amortization of oil and gas Properties	738,000	477,000	307,000
Total production costs	2,485,000	1,712,000	1,544,000
Total net revenue	$ 3,056,000	$ 2,327,000	$ 1,556,000

	Year Ended December 31,		
	2005	2004	2003
Sales price per equivalent Mcf	$ 7.07	$ 5.64	$ 4.35
Production costs per equivalent Mcf	$ 2.23	$ 1.73	$ 1.73
Amortization per equivalent Mcf	$ 1.03	$ .67	$ .44

	Year Ended December 31,		
	2005	2004	2003
Results of Operations from gas gathering and equipment rental activities:			
Revenue	$ 167,000	$ 158,000	$ 152,000
Operating expenses	29,000	24,000	30,000
Depreciation	10,000	10,000	14,000
Total costs	39,000	34,000	44,000
Total net revenue	$ 128,000	$ 124,000	$ 108,000

16. BUSINESS SEGMENTS

The Company's three business segments are (1) oil and gas exploration, production and operations, (2) transportation and compression of natural gas, and (3) commercial real estate investment. Management has chosen to organize the Company into the three segments based on the products or services provided. The following is a summary of selected information for these segments for the three-year period ended December 31, 2005:

	Year Ended December 31,		
	2005	2004	2003
Revenues: (3)			
Oil and gas exploration, production and operations	$ 5,661,000	$ 4,166,000	$ 3,192,000
Gas gathering, compression and equipment rental	167,000	158,000	152,000
Real estate rental	302,000	3,000	-
	$ 6,130,000	$ 4,327,000	$ 3,344,000
Depreciation, depletion and Amortization expense:			
Oil and gas exploration, production and operations	$ 738,000	$ 487,000	$ 317,000
Gas gathering, compression and equipment rental	10,000	10,000	14,000
Real estate rental	47,000	1,000	-
	$ 795,000	$ 498,000	$ 331,000
Income from operations:			
Oil and gas exploration, production and operations	$ 3,176,000	$ 2,445,000	$ 1,638,000
Gas gathering, compression and equipment rental	128,000	123,000	108,000
Real estate rental	(229,000)	-	-
	3,075,000	2,568,000	1,746,000
Corporate and other (1)	(1,658,000)	(1,302,000)	(759,000)
Consolidated net income (loss)	$ 1,417,000	$ 1,266,000	$ 987,000

Identifiable Assets net of DDA:			
Oil and gas exploration, production and operations	$ 2,682,000	$ 2,531,000	$ 1,630,000
Gas gathering, compression and equipment rental	31,000	39,000	49,000
Real estate rental	1,937,000	1,985,000	-
	$ 4,650,000	$ 4,555,000	$ 1,679,000
Corporate and other (2)	6,737,000	5,160,000	3,716,000
Consolidated total assets	$11,387,000	$ 9,715,000	$ 5,395,000

Note (1): Corporate and other includes general and administrative expenses, other non-operating income and expense and income taxes.

Note (2): Corporate and other includes cash, accounts and notes receivable, inventory, other property and equipment and intangible assets.

Note (3): All reported revenues are from external customers.

17. SUPPLEMENTARY INCOME STATEMENT INFORMATION

The following items were charged directly to expense:

	Year Ended December 31,		
	2005	2004	2003
Maintenance and repairs	$ 10,000	$ 13,000	$ 7,000
Production taxes	303,000	236,000	169,000
Taxes, other than payroll and income taxes	70,000	42,000	54,000

18. QUARTERLY DATA (UNAUDITED)

The table below reflects selected quarterly information for the years ended December 31, 2005 and 2004.

	Year Ended December 31, 2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$1,306,000	$1,503,000	$1,465,000	$2,121,000
Expense	(698,000)	(898,000)	(1,037,000)	(1,652,000)
Operating income	608,000	605,000	428,000	469,000
Current tax provision	(109,000)	(140,000)	(76,000)	(35,000)
Deferred tax provision	(55,000)	(40,000)	(39,000)	(199,000)
Net income	444,000	425,000	313,000	235,000
Earnings per share of common stock				
Basic	$0.06	$0.06	$0.04	$0.03
Diluted	$0.06	$0.06	$0.04	$0.03

	Year Ended December 31, 2004			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$1,004,000	$1,028,000	$1,169,000	$1,314,000
Expense	(564,000)	(544,000)	(644,000)	(910,000)
Operating income	440,000	484,000	525,000	404,000
Current tax provision	(13,000)	(156,000)	(115,000)	140,000
Deferred tax provision	-	-	-	(443,000)
Net income	427,000	328,000	410,000	101,000
Earnings per share of common stock				
Basic	$0.06	$0.04	$0.05	$0.01
Diluted	$0.06	$0.04	$0.05	$0.01

19. SUPPLEMENTAL RESERVE INFORMATION (UNAUDITED)

The Company's net proved oil and natural gas reserves as of December 31, 2005, 2004 and 2003 have been estimated by Company personnel in accordance with guidelines established by the Securities and Exchange Commission. Accordingly, the following reserve estimates were based on existing economic and operating conditions. Oil and gas prices in effect at December 31 of each year were used. Operating costs, production and ad valorem taxes and future development costs were based on current costs with no escalation.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting the future rates of production and timing of development expenditures. The following reserve data represents estimates only and should not be construed as being exact. Moreover, the present values should not be construed as the current market value of the Company's oil and gas reserves or the costs that would be incurred to obtain equivalent reserves.

Changes in Estimated Quantities of Proved Oil and Gas Reserves (Unaudited):

	Crude Oil Bbls	Natural Gas Mcf
Quantities of Proved Reserves:		
Balance December 31, 2002	152,994	16,274,580
Sales of reserves in place	(2)	(2,815,000)
Acquired properties	101,308	482,926
Revisions of previous estimates	139,677	(4,048,147)
Production	(28,747)	(540,799)
Balance December 31, 2003	365,230	9,353,560
Sales of reserves in place	-	-
Acquired properties	-	-
Extensions and discoveries	3,590	418,592
Revisions of previous estimates	73,271	4,537,079
Production	(23,098)	(577,099)
Balance December 31, 2004	418,993	13,732,132
Sales of reserves in place	(770)	(6,113)
Acquired properties	-	-
Extensions and discoveries	6,407	188,973
Revisions of previous estimates	80,316	1,522,389
Production	(21,323)	(655,568)
Balance December 31, 2005	483,623	14,781,813
Proved Developed Reserves:		
Balance December 31, 2003	365,230	4,978,309
Balance December 31, 2004	389,851	6,887,978
Balance December 31, 2005	433,455	7,109,815

19. SUPPLEMENTAL RESERVE INFORMATION (UNAUDITED) - Continued

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves (Unaudited)

The Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves ("Standardized Measures") does not purport to present the fair market value of a company's oil and gas properties. An estimate of such value should consider, among other factors, anticipated future prices of oil and gas, the probability of recoveries in excess of existing proved reserves, the value of probable reserves and acreage prospects, and perhaps different discount rates. It should be noted that estimates of reserve quantities, especially from new discoveries, are inherently imprecise and subject to substantial revision.

Reserve estimates were prepared in accordance with standard Security and Exchange Commission guidelines. The future net cash flow was computed using year-end 2005 oil and gas prices. Lease operating costs, compression, dehydration, transportation, ad valorem taxes, severance taxes, and federal income taxes were deducted. Costs and prices were held constant and were not escalated over the life of the properties. No deduction has been made for interest, or general corporate overhead. The annual discount of estimated future cash flows is defined, for use herein, as future cash flows discounted at 10% per year, over the expected period of realization.

Proved Developed Reserves were calculated based on Decline Curve Analysis on 79 operated wells and 97 non-operated wells. Shut-in operated wells and materially insignificant non-operated wells were excluded from the reserve estimate.

During 2005, the Company completed two vertical Barnett Shale gas wells in Denton County, Texas. The Olex U.S. #4 well was completed on January 20, 2005, with an initial potential of 1,184 MCFG/D and 46 BO/D, and was placed on production on January 23, 2005. The Olex U.S. #3 well went into production on March 28, 2005 with an initial rate of 800 MCFG/D.

The 680 acre Olex U.S. lease is offset in all directions by productive Barnett Shale gas wells and with the existing 20 acre spacing rules an additional 30 vertical wells could be drilled on this lease. However, for this report, Proved Undeveloped Reserves were attributed to only 4 more wells on this lease which are scheduled to be drilled in the next thirty-six months, providing that the Company can secure the necessary drilling equipment on a timely basis. The Company owns a 54.2% working interest and a 40.6% net revenue interest in the Olex U.S. lease.

The Barnett Shale gas play is expanding rapidly into Parker County, Texas where Spindletop has an acreage position of approximately 5,157 gross acres.

During 2005 the Company participated in the drilling of the Giant Energy Porter #2 well, a vertical Barnett Shale well in Parker County, Texas, which was completed in June 2005 with an initial production of 128 MCFG/D and 1 BO/D. The Company owns a 35% working interest and a 26.25% net revenue interest in the Porter #2 well.

The Company farmed-out the drilling of a horizontal Barnett Shale well in Parker County, Texas which is currently being completed in March, 2006. The Company has retained a 5% overriding royalty interest in this well.

The Company plans to drill 5 horizontal Barnett Shale wells in Parker County in the next twenty-four to thirty-six months providing that the Company can secure the necessary drilling equipment on a timely basis. The Company's estimated cost to drill and complete these 5 horizontal wells will be $11,231,000. The Company may take on partners to reduce risk in any one project in which case it would also reduce reported reserves.

In the northeast quarter of Parker County at Springtown, the Company holds approximately 1,600 gross acres of leasehold by production, and has 3D seismic data across a portion of the acreage. Recently, three horizontal wells offsetting our acreage with initial potentials ranging from 1,000-3,000 MCFG/D were drilled and completed. The Company plans to drill at least three horizontal Barnett Shale wells on this block. The Company plans to utilize PPC's Springtown gathering system to bring natural gas from these future wells to market.

In southeastern Parker County, Texas near the town of Cresson, the Company holds approximately 313 gross acres by production. Last year, another company completed two successful horizontal wells offsetting this acreage. Each of these wells has produced in excess of 300,000 MCFG in the first year of production. The Company plans to drill at least one horizontal Barnett Shale well on this block.

In the northwest portion of Parker County southwest of the town of Peaster, the Company holds approximately 2,384 gross acres by production which was recently offset by another company. The Company plans to drill at least one horizontal Barnett Shale well on this block.

The Company also holds smaller acreage blocks throughout Parker County as well as in Johnson, Tarrant, Palo Pinto, Erath and Eastland Counties. In total, the Company holds approximately 8,500 gross acres in the Fort Worth Basin. The Barnett Shale is present under these blocks, however, as of yet they have not been directly offset by proven productive wells. The limits of economic Barnett Shale gas production in the Fort Worth Basin are continually expanding and these blocks may be proven productive in the future.

The Company intends to sell portions of the individual wells discussed above to outside investors to help offset the cost and the risk of drilling and completing the wells. The sale of these partial interests will reduce the Company's ultimate portion of the recoverable reserves from these wells.

In Titus County, Texas (East Texas) during 2005, two previously non-producing oil wells, the Pewitt Ranch B-13 and Pewitt Ranch A-11 were restored to production adding proved reserves of 25,800 BO. The Company owns 100% of the working interest and 75% net revenue interest in these two wells.

In 2005, a company to which we granted a farm-out on a lease in Bee County, Texas, has drilled a second well on this lease and they are currently producing oil and gas at a rate of 20 BOPD and 280 MCFGD as of March 31, 2006. The Company has retained a 5.625% overriding royalty interest in this lease. Also during 2005, a second company to which we granted a farm-out on another lease in Bee County, Texas, also drilled a well which was completed in 2006, and is currently producing gas at a rate of approximately 280 MCFD. The Company retained an overriding royalty interest plus a back-in after payout in this well.

In Wyoming during 2005, four non-operated wells were completed as gas wells. These coal bed methane gas wells in the Powder River Basin of Wyoming were attributed with approximately 140,000 MCFG net to the Company's interest.

The Company emphasizes that reserve estimates are inherently imprecise. Accordingly, the estimates are expected to change as more current information becomes available. It is reasonably possible that, because of changes in market conditions or the inherent imprecision of these reserve estimates, that the estimates of future cash inflows, future gross revenues, the amount of oil and gas reserves, the remaining estimated lives of the oil and gas properties, or any combination of the above may be increased or reduced in the near term. If reduced, the carrying amount of capitalized oil and gas properties may be reduced materially in the near term.

Standardized measure of discounted future net cash flows related to proved reserves:

	Year Ended December 31,		
	2005	2004	2003
Future production revenue	$130,178,000	$ 87,568,000	$ 46,944,000
Future development costs	(13,831,000)	(8,300,000)	(2,470,000)
Future production costs	(25,144,000)	(22,668,000)	(11,342,000)
Future net cash flow before Federal income tax	91,203,000	56,600,000	33,132,000
Future income taxes	(22,941,000)	(15,175,000)	(4,970,000)
Future net cash flows	68,262,000	41,425,000	28,162,000
Effect of 10% annual discounting	(40,401,000)	(24,534,000)	(16,300,000)
Standardized measure of Discounted net cash flows	$ 27,861,000	$ 16,891,000	$ 11,862,000

Changes in the standardized measure of discounted future net cash flows:

	Year Ended December 31,		
	2005	2004	2003
Beginning of the year	$ 16,891,000	$ 11,862,000	$ 11,815,000
Oil and gas sales, net of production costs	(5,541,000)	(2,644,000)	(1,970,000)
Purchases of reserves in place	-	-	1,813,000
Sales of reserves in place	(31,000)	-	(2,532,000)
Net change in prices, net of production costs	13,063,000	7,809,000	5,384,000
Changes in production rates, timing and other	(7,571,000)	(3,101,000)	(360,000)
Revisions of quantity estimate	11,722,000	7,662,000	(2,438,000)
Effect of income tax	(2,361,000)	(5,883,000)	(1,031,000)
Accretion of discount	1,689,000	1,186,000	1,181,000
End of year	$ 27,861,000	$ 16,891,000	$ 11,862,000

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2005, 2004, AND 2003

SCHEDULE II

Beginning		Costs &		Ending
Description	Balance	Expenses	Deductions	Balance
Allowance for doubtful Accounts				
December 31, 2003	$ 30,000	$ -	$ -	$ 30,000
December 31, 2004	$ 30,000	$ -	$ -	$ 30,000
December 31, 2005	$ 30,000	$ -	$ 16,000	$ 14,000

SCHEDULE III

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
REAL ESTATE AND ACCUMULATED DEPRECIATION

	Initial Cost to Corporation			Total Cost Subsequent
Description	Encumbrances	Land	Buildings	ToAcquist'n
Two story multi-tenant garden office building with sub-grade parking garage located in Dallas, Texas	(b)	$ 688,000	$1,298,000	-

Gross Amounts at Which Carried at Close of Year					
Land	Buildings	Total	Accumulated Depreciation	Life on which Depreciation Calculated	Date Acquired
$ 688,000	$ 1,298,000	$ 1,986,000	$ 1,000	(a)	12/27/2004

Notes to Schedule III

(a) See Footnote 2 to the Financial Statements outlining depreciation methods and lives.

(b) See description of notes payable in Footnote 5 to the Financial Statements outlining the terms and provisions of the acquisition loan for the building.

(c) The reconciliation for investments in real estate and accumulated depreciation for the years ended December 31, 2005 is as follows:

	Investments in Real Estate	Accumulated Depreciation
Balance, January 1, 2003	-	-
Acquisitions	-	-
Depreciation expense	-	-
Balance, December 31, 2003	-	-
Acquisitions	1,986,000	
Depreciation expense	1,000	1,000
Balance, December 31, 2004	$ 1,985,000	$ 1,000
Acquisitions	-	-
Depreciation expense	48,000	48,000
Balance, December 31, 2005	$ 1,937,000	$ 49,000

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

Index to Exhibits

The following documents are filed as exhibits (or are incorporated by reference as indicated) into this Report:

Exhibit Designation	Description
3.1	Articles of Incorporation of Spindletop Oil & Gas Co. (previously filed with our General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
3.2	Bylaws of Spindletop Oil & Gas Co. (previously filed with our General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
14	Code of Ethics for Senior Financial Officers
21	Subsidiaries of the Registrant
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Executive Officer
32	Officers' Section 1350 Certifications

EXHIBIT 21

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

Subsidiaries of the Registrant

Prairie Pipeline Co. incorporated June 22, 1983, under the laws of the State of Texas, is a wholly owned subsidiary of Registrant.

Spindletop Drilling Company, incorporated September 5, 1975, under the laws of the State of Texas, is a wholly owned subsidiary of the Registrant.

Exhibit 14

Code of Ethics for Senior Financial Officers

The principal executive officer, president, principal financial officer, chief financial officer, principal accounting officer and controller (all, the company's "Senior Financial Officers") hold an important and elevated role in corporate governance, vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the enterprise stakeholders, including shareholders, customers, employees, suppliers, and citizens of the communities in which business is conducted. Senior Financial Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the enterprise's financial organization and by acting in good faith and in the company's best interests in accordance with the company's Code of Business Conduct and Ethics.

1. Honest and Ethical Conduct

Senior Financial Officers will exhibit and promote honest and ethical conduct through the establishment and operation of policies and procedures that:

Encourage and reward professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the financial organization or the enterprise itself.

Promote the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Provide a mechanism for members of the finance organization to inform senior Management of deviations in the practice from policies and procedures governing honest and ethical behavior.

Respect the confidentiality of information acquired in the course of work, except when authorized or otherwise legally obligated to disclose such information, and restrict the use of confidential information acquired in the course of work for personal advantage.

Demonstrate their personal support for such policies and procedures through periodic communication reinforcing these ethical standards throughout the finance organization.

2. Financial Records and Periodic Reports

Senior Financial Officers will establish and manage the enterprise transaction and reporting systems and procedures to provide that:

Business transactions are properly authorized and accurately and timely recorded on the company's books and records in accordance with Generally Accepted Accounting Principles ("GAAP") and established company financial policy.

No false or artificial statements or entries for any purpose are made in the company's books and records, financial statements and related communications.

The retention or proper disposal of company records shall be in accordance with established records retention policies and applicable legal and regulatory requirements.

Periodic financial communications and reports will include full, fair, accurate, timely and understandable disclosure.

3. Compliance with Applicable Laws, Rules and Regulations.

Senior Financial Officers will establish and maintain mechanisms to:

Educate members of the finance organization about any federal, state or local statute, regulation or administrative procedure that affects the operation of the finance organization and the enterprise generally.

Monitor the compliance of the finance organization with any applicable federal, state or local statute, regulation or administrative rule.

Identify, report and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation

4. Reporting of Non-Compliance

Senior Financial Officers will promptly bring to the attention of the Board of Directors:

Material information that affects the disclosures made by the company in its public filings.

Information concerning significant deficiencies in the design or operation of internal controls that could adversely affect the company's ability to record, process, summarize and report financial data.

Senior Financial Officers will promptly bring to the attention of the General Counsel and to the Board of Directors:

Fraud, whether or not material, that involves management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls.

Information concerning a violation of this Code or the company's Code of Business and Ethics Conduct, including any actual or apparent conflicts of interest between personal and professional relationships, involving management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls.

Evidence of a material violation by the company or its employees or agents of applicable laws, rules or regulations.

5. Disciplinary Action

In the event of violation by Senior Financial Officers of this Code or the company's Code of Business Conduct and Ethics, the Board of Directors shall recommend appropriate disciplinary and remedial actions.

Exhibit 31.1

CERTIFICATIONS

I, Chris G. Mazzini, certify that:

1. I have reviewed this annual report on Form 10-K of Spindletop Oil & Gas Co.;

2. Based on my knowledge, this annual 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 annual report;

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13-15(e) and 15d-15e) and have internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 principals; and

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Dated April 14, 2006

/s/ Chris G. Mazzini
CHRIS G. MAZZINI
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Robert E. Corbin, certify that:

1. I have reviewed this annual report on Form 10-K of Spindletop Oil & Gas Co.;

2. Based on my knowledge, this annual 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 annual report;

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13-15(e) and 15d-15e) and have internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 principals; and

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Dated: April 14, 2006

/s/ Robert E. Corbin
ROBERT E. CORBIN
Principal Financial and
Accounting Officer

Exhibit 32

Officers' Section 1350 Certifications

The undersigned officer of Spindletop Oil & Gas Co., a Texas corporation (the "Company"), hereby certifies that (i) the Company's Annual Report on Form 10-K for the year ended December 31, 2005 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (ii) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 fairly presents, in all material respects, the financial condition and results of operations of the Company, at and for the periods indicated.

Dated: April 14, 2006.

/s/ Chris G. Mazzini
CHRIS G. MAZZINI
Chief Executive Officer

/s/ Robert E. Corbin

ROBERT E. CORBIN
Principal Financial and
Accounting Officer