UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023

or

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

Commission File No. 000-18774

SPINDLETOP OIL & GAS CO.
(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	**75-2063001** (IRS Employer Identification No.)
12850 Spurling Rd., Suite 200, Dallas, TX (Address of principal executive offices)	**75230** (Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SPND	OTC Markets - Pink

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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 Company 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 whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the issuer's classes of common, as of the latest practicable date.

Common Stock, $0.01 par value	**6,750,318**
(Class)	(Outstanding at May 22, 2023)

DOCUMENTS INCORPORATED BY REFERENCE

None

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q
For the quarter ended March 31, 2023

Index to Consolidated Financial Statements and Schedules

Part I - Financial Information

Item 1. - Financial Statements

SPINDLETOP OIL & GAS Co. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 2023 (Unaudited)	December 31, 2022
Current Assets		
Cash and cash equivalents	$ 10,652,000	$ 13,597,000
Restricted cash	270,000	270,000
Accounts receivable	1,745,000	2,200,000
Income tax receivable	630,000	630,000
Total Current Assets	13,297,000	16,697,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	25,837,000	25,321,000
Rental equipment	412,000	412,000
Gas gathering system	115,000	115,000
Other property and equipment	479,000	395,000
	26,843,000	26,243,000
Accumulated depreciation and amortization	(26,156,000)	(26,140,000)
Total Property and Equipment	687,000	103,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,903,000	1,903,000
Accumulated depreciation	(1,178,000)	(1,163,000)
Total Real Estate Property	1,413,000	1,428,000
Other Assets		
Deferred Income Tax Asset	—	—
Other long-term investments	12,550,000	9,575,000
Other	4,000	$ 4,000
Total Other Assets	12,554,000	9,579,000
Total Assets	$ 27,951,000	$ 27,807,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS Co. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2023 (Unaudited)	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 6,861,000	$ 6,859,000
Total Current Liabilities	6,861,000	6,859,000
Noncurrent Liabilities		
Deferred Income Tax Payable	60,000	81,000
Asset retirement obligation	3,914,000	3,654,000
Total Noncurrent Liabilities	3,974,000	3,735,000
Total Liabilities	10,835,000	10,594,000
Shareholders' Equity		
Common stock, $.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,750,318 outstanding at March 31, 2023 and 6,750,318 outstanding at December 31, 2022.	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury stock, at cost	(1,889,000)	(1,889,000)
Retained earnings	17,985,000	18,082,000
Total Shareholders' Equity	17,116,000	17,213,000
Total Liabilities and Shareholders' Equity	$ 27,951,000	$ 27,807,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended ,	
	March 31 , 2023	March 31 , 2022
Revenues		
Oil and gas revenues	$ 1,030,000	$ 1,672,000
Revenue from lease operations	37,000	44,000
Gas gathering, compression, equipment rental	21,000	18,000
Real estate rental income	68,000	53,000
Other	11,000	12,000
Total Revenues	1,167,000	1,799,000
Expenses		
Lease operations	238,000	244,000
Production taxes, gathering and marketing	157,000	181,000
Pipeline and rental operations	4,000	2,000
Real estate operations	24,000	38,000
Depreciation and amortization	31,000	17,000
ARO accretion expense	302,000	143,000
General and administrative	758,000	590,000
Interest expense	—	—
Total Expenses	1,514,000	1,215,000
Income (Loss) from operations	(347,000)	584,000
Other Revenue and Expense		
Interest Income	125,000	25,000
Gain on sale of properties	104,000	—
Income (Loss) before income tax	(118,000)	609,000
Current income tax provision (benefit)	—	60,000
Deferred income tax provision (benefit)	(21,000)	40,000
Total income tax provision (benefit)	(21,000)	100,000
Net Income (Loss)	$ (97,000)	$ 509,000
Earnings (Loss) per Share of Common Stock		
Basic and diluted	$ (0.01)	$ 0.08
Weighted Average Shares Outstanding		
Basic and diluted	6,750,318	6,755,318

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended March 31, 2023 and March 31, 2022
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings
Balance December 31, 2022	7,677,471	$77,000	$943,000	927,153	$(1,889,000)	$18,082,000
Net (Loss)	—	—	—	—	—	(97,000)
Balance March 31, 2023	7,677,471	$77,000	$943,000	927,153	$(1,889,000)	$17,985,000
Balance December 31, 2021	7,677,471	$77,000	$943,000	922,153	$(1,874,000)	$17,413,000
Net Income	—	—	—	—	—	509,000
Balance March 31, 2022	7,677,471	$77,000	$943,000	922,153	$(1,874,000)	$17,922,000

The accompanying notes are an integral part of these statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash Flows from Operating Activities		
Net Income (Loss)	$ (97,000)	$ 509,000
Reconciliation of net Income (Loss) to net cash provided by operating activities		
Depreciation and amortization	31,000	17,000
Accretion of asset retirement obligation	302,000	143,000
Gain on sale of oil and gas properties	(104,000)	—
Changes in accounts receivable, related party	—	(564,000)
Changes in accounts receivable	455,000	(463,000)
Changes in income tax receivable	—	61,000
Changes in accounts payable and accrued liabilities	2,000	512,000
Changes in current tax payable	—	40,000
Changes in deferred Income tax payable	(21,000)	—
Changes in other assets	—	—
Net cash provided for operating activities	568,000	255,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development	(559,000)	527,000
Purchase of other property and equipment	(83,000)	(77,000)
Changes in other long-term investments	(2,975,000)	(2,659,000)
Proceeds from sale of oil and gas properties	104,000	—
Capitalized tenant improvements and broker fees		(1,000)
Net cash (used) for investing activities	(3,513,000)	(2,210,000)
(Decrease) in cash, cash equivalents, and restricted cash	(2,945,000)	(1,955,000)
Cash, cash equivalents, and restricted cash at beginning of period	13,867,000	11,043,000
Cash, cash equivalents, and restricted cash at end of period	$ 10,922,000	$ 9,088,000

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND ORGANIZATION

The accompanying financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's annual Form 10-K filing. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-K for the year ended December 31, 2022, for further information.

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

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, the results of operations and changes in cash flows of the Company and its consolidated subsidiaries for the interim periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with generally accepted accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations.

2. COMMON STOCK

Effective July 22, 2022, the Company repurchased 5,000 shares of its common stock from a non-controlling, unaffiliated shareholder of the Company for a negotiated purchase price of $15,500, or $3.10 per share. The repurchased shares are held as Treasury stock.

The Company has not approved nor authorized any standing purchase program for its common stock.

3. GAIN ON SALE OF PROPERTY

During the first quarter of 2023, the Company sold its interest in five operated wells and associated leasehold acreage in various counties in the state of Arkansas for $104,000. At the time of the sale, the Company's unamortized full cost pool was approximately 230,000.

Rule 4-10 of Regulation S-X adopted the conveyance accounting requirements in FASB Statement No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies (which has been codified in FASB 932, Extractive Activities – Oil and Gas), for all oil and gas entities, with certain modifications for entities applying the full cost method. Under this standard, entities following the full cost method of accounting record sales of oil and gas properties, whether or not being amortized currently as adjustments of capitalized costs, with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas attributable to a cost center. If a gain or loss is recognized on such a sale, total capitalization costs within the cost center shall be allocated between reserves sold and reserves retained on the same basis used to compute amortization, unless there are substantial economic differences between the properties sold and those retained, in which case capitalized cost shall be allocated on the basis of the relative fair value of the properties.

In accordance with the aforementioned accounting pronouncements, the Company determined that an adjustment to capitalized costs for this sale would significantly alter the relationship between capitalized costs and proved oil and gas reserves. As a result, the Company recorded a gain on the sale of the property in the amount of $104,000 related to the sale. In determining the gain on the sale of the property, the Company considered that the Company's most recent reserve report contained no reserves associated with the properties sold, and therefore, no adjustment to capitalized costs.

4. CONTINGENCIES

On July 23, 2020, a subsidiary of the Company received notice of a lawsuit filed in Louisiana against the Company's subsidiary and numerous other oil and gas companies alleging a pollution claim for properties operated by the defendants in Louisiana, and the Company's subsidiary filed an answer. The Plaintiffs filed a First Supplemental and Amending Petition for Damages on January 21, 2021. The litigation is currently in the discovery phase. Management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of contingencies for litigation. The Company will continue to defend its subsidiary vigorously in this matter.

Subsequent Events

The Company has evaluated subsequent events through May 22, 2023, the date on which the financial statements were available to be issued.

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

WARNING CONCERNING FORWARD LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

This Report on Form 10-Q may contain forward-looking statements within the meaning of the federal securities laws, principally, but not only, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the factors listed and described at Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K, which investors should review. There have been changes to the risk factors previously described in the Company's Form 10-K. for the fiscal year ended December 31, 2022 (the "Form 10-K"), including significant global economic and pandemic factors occurring during 2022 and continuing into 2023 which are described in the following paragraphs.

The COVID-19 pandemic and the measures being taken to address and limit the spread of the virus adversely affected the economies and financial markets of the world, resulting in an economic downturn beginning in early 2020 that negatively impacted global demand and prices for crude oil and condensate, natural gas liquids (NGLs) and natural gas. The effects of COVID-19 mitigation efforts, including the wide availability of vaccines, combined with the waning intensity of the pandemic, have resulted in increased demand and prices for crude oil and condensate. In addition, worldwide oil inventories, from a historical perspective, remain low and concerns exist with the ability of OPEC and other oil producing nations to meet forecasted future oil demand growth, with many OPEC countries not able to produce at their OPEC agreed upon quota levels due to their limited capital investments directed towards developing incremental oil supplies over the past few years. Furthermore, sanctions, import bans and price caps on Russia have been implemented by various countries in response to the war in Ukraine, further impacting global oil supply. As a result of these and other oil supply constraints, the world has experienced significant increases in energy costs. During December 2022, OPEC announced a continuation of its 2 MMBOPD production cut that started in November 2022 related to the uncertainty surrounding the global economy and future oil demand. As a result of the global supply and demand imbalances, oil and gas prices remained strong through December 2022. In addition, the ongoing pandemic, combined with the Russia/Ukraine conflict, has resulted in global supply chain disruptions, which has led to significant cost inflation and the potential for a global recession. Specifically, the Company was impacted by higher-than-expected inflation in steel, services and chemical prices, among other items.

~~items.~~ Global oil price levels and inflationary pressures will ultimately depend on various factors that are beyond the Company's control, such as (i) the ability of OPEC and other oil producing nations to manage the global oil supply, (ii) the impact of sanctions and import bans on production from Russia, (iii) the timing and supply impact of any Iranian sanction relief on their ability to export oil, (iv) the effectiveness of responses by businesses and governments to combat any additional outbreaks of the COVID-19 virus and their impact on domestic and worldwide demand, (v) the global supply chain constraints associated with manufacturing and distribution delays, (vi) oilfield service demand and cost inflation, (vii) political stability of oil consuming countries and (viii) increasing expectations that the world may be heading into a global recession. The Company continues to assess and monitor the impact of these factors and consequences on the Company and its operations. Natural gas prices were robust during 2022. As a result, additional natural gas supplies oversaturated the markets causing natural gas prices to deteriorate in the first quarter of 2023. Several of the natural gas price indexes have now dropped below $2.00 per mmbtu.

Rising inflation and other uncertainties regarding the global economy, financial environment, and global conflict could lead to an extended national or global economic recession. A slowdown in economic activity caused by a recession would likely reduce national and worldwide demand for oil and natural gas and result in lower commodity prices. Prolonged, substantial decreases in oil and natural gas prices would likely have a material adverse effect on the Company’s business, financial condition, and results of operations, and could further limit the Company's access to liquidity and credit and could hinder its ability to satisfy its capital requirements.

In the past several years, capital and credit markets have experienced volatility and disruption. Given the levels of market volatility and disruption, the availability of funds from those markets may diminish substantially. Further, arising from concerns about the stability of financial markets generally and the solvency of borrowers specifically, the cost of accessing the credit markets has increased as many lenders have raised interest rates, enacted tighter lending standards, or altogether ceased to provide funding to borrowers.

Due to these potential capital and credit market conditions, the Company cannot be certain that funding will be available in amounts or on terms acceptable to the Company. The Company is evaluating whether current cash balances and cash flow from operations alone would be sufficient to provide working capital to fully fund the Company's operations. Accordingly, the Company is evaluating alternatives, such as joint ventures with third parties, or sales of interests in one or more of its properties. Such transactions, if undertaken, could result in a reduction in the Company's operating interests or require the Company to relinquish the right to operate the property. There can be no assurance that any such transactions can be completed or that such transactions will satisfy the Company's operating capital requirements. If the Company is not successful in obtaining sufficient funding or completing an alternative transaction on a timely basis on terms acceptable to the Company, the Company would be required to curtail its expenditures or restructure its operations, and the Company would be unable to continue its exploration, drilling, and recompletion program, any of which would have a material adverse effect on its business, financial condition, and results of operations.

A negative shift in some of the public’s attitudes toward the oil and natural gas industry could adversely affect the Company’s ability to raise debt and equity capital. Certain segments of the investment community have developed negative sentiments about investing in the oil and natural gas industry. In addition, some investors, including investment advisors and certain wealth funds, pension funds, university endowments and family foundations, have stated policies to disinvest in the oil and natural gas sector based on their social and environmental considerations. Certain other stakeholders have also pressured commercial and investment banks to halt financing oil and natural gas production and related infrastructure projects. Such developments, including environmental, social and governance (“ESG”) activism and initiatives aimed at limiting climate change and reducing air pollution, could result in downward pressure on the stock prices of oil and natural gas companies. The Company’s stock price could be adversely affected by these developments. This may also potentially result in a reduction of available capital funding for potential development projects, impacting on the Company’s future financial results.

The Company faces various risks associated with increased negative attitudes toward oil and natural gas exploration and development activities. Opposition to oil and natural gas drilling and development activities has been growing globally and is expanding in the United States. Companies in the oil and natural gas industry are often the target of efforts from both individuals and nongovernmental organizations regarding safety, human rights, climate change, environmental matters, sustainability, and business practices. Anti-development groups are working to reduce access to federal and state government lands and delay or cancel certain operations such as drilling and development along with other activities. Opposition to oil and natural gas activities could materially and adversely impact the Company's ability to operate our business and raise capital.

There could be adverse legislation which if passed, would significantly curtail our ability to attract investors and raise capital. Proposed changes in the Federal income tax laws which would eliminate or reduce the percentage depletion deduction and the deduction for intangible drilling and development costs for small independent producers, will significantly reduce the investment capital available to those in the industry as well as our Company. Lengthening the time to expense seismic costs will also have an adverse effect on our ability to explore and find new reserves.

Other factors that may affect the demand for oil and natural gas, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns; increased competitiveness of, or government policy support for, alternative energy sources; changes in technology that alter fuel choices, such as technological advances in energy storage that make wind and solar more competitive for power generation; changes in consumer preferences for our products, including consumer demand for alternative fueled or electric transportation or alternatives to plastic products; and broad-based changes in personal income levels.

Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand.

Other sections of this report may also include suggested factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks may emerge from time to time, and it is not possible for management to predict all such matters; nor can we assess the impact of all such matters on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise.

Results of Operations

Three months ended March 31, 2023, compared to the three months ended March 31, 2022

Oil and gas revenues for the first three months of 2023 were $1,030,000, as compared to $1,672,000 for the same period in 2022 a decrease of approximately $642,000 or 38.4%, due primarily to lower oil production and lower natural gas prices between years.

Oil sales for the first three months of 2023 were approximately $492,000 compared to approximately $865,000 for the first three months of 2022, a decrease of approximately $373,000 or 43.1%. Oil sales volumes for the first three months of 2023 were approximately 5,950 bbls, compared to approximately 11,300 bbls during the same period in 2022, a decrease of approximately 5,350 bbls, or 47.4%,

Average oil prices received were $73.44 per bbl in the first three months of 2023 compared to $71.34 per bbl in the first three months of 2022, an increase of approximately $2.10 per bbl or 2.9%.

Natural gas revenue for the first three months of 2023 was $538,000 compared to $807,000 for the same period in 2022, a decrease of approximately $269,000 or 33.3%. Natural gas sales volumes for the first three months of 2023 were approximately 150,000 mcf compared to approximately 142,000 mcf during the first three months of 2022, an increase of approximately 8,000 mcf or 5.63%.

Average gross natural gas prices received were $3.70 per mcf in the first three months of 2023 as compared to $5.67 per mcf in the same time period in 2022, a decrease of approximately $1.97 per mcf or 34.7%.

Revenues from lease operations were $37,000 in the first three months of 2023 compared to $44,000 in the first three months of 2022, a decrease of approximately $7,000 or 15.9%. Revenues from lease operations are derived from field supervision charged to operated leases along with operator overhead charged to operated leases.

Revenues from gas gathering, compression and equipment rental for the first three months of 2023 were $21,000 compared to $18,000 for the same period in 2022. These revenues are derived from gas volumes produced and transported through the Company owned gas gathering systems.

Real estate revenue was approximately $68,000 during the first three months of 2023 compared to $53,000 for the first three months of 2022, an increase of approximately $15,000, or 28.3%.

Interest income was $125,000 during the first three months of 2023 as compared to $25,000 during the same period in 2022, an increase of approximately $100,000. Interest income is due to the Company investing its funds in both long-term and short-term certificates of depository accounts paying higher rates of interest than those received in money market accounts.

Other revenues for the first three months of 2023 were $11,000 as compared to $12,000 for the same period in 2022, a decrease of approximately $1,000 or 8.3%.

Lease operating expenses in the first three months of 2023 were approximately $238,000 as compared to $244,000 in the first three months of 2022 a net decrease of approximately $6,000, or 2.5%.

Production taxes, gathering and marketing expenses in the first three months of 2023 were approximately $157,000 as compared to $181,000 for the first three months of 2022, a decrease of approximately $24,000 or 13.3%. This decrease relates directly to the decrease in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the first three months of 2023 were $4,000 compared to $2,000 for the same time period in 2022.

Real estate expenses in the first three months of 2023 were approximately $24,000 compared to $38,000 during the same period in 2022, a decrease of approximately $14,000 or 36.8%.

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Depreciation, depletion, and amortization expenses for the first three months of 2023 were $31,000 as compared to $17,000 for the same period in 2022, an increase of $14,000, or 82.4%. Amortization of the amount for the full cost pool for the first three months of 2023 was $13,000 compared to zero dollars for the same period of 2022. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31,2022. This re-evaluated reserve base was reduced for oil and gas reserves that were produced or sold during the first three months of 2023 and adjusted for newly acquired reserves or for changes in estimated production curves and future price assumptions. A year-to-date depletion rate of 5.733% for the three months ended 2023 was applied to the Company's full cost pool of un-depleted capitalized oil and natural gas properties compared to a year-to-date rate of 0.0% for the same period in 2022.

Asset Retirement Obligation ("ARO") expense for the first three months of 2023 was approximately $302,000 as compared to approximately $143,000 for the same period in 2022, an increase of approximately $159,000 or 111.2%. The ARO expense is calculated to be the discounted present value of the estimated future cost to plug and abandon the Company's wells.

General and administrative expenses for the first three months of 2023 were approximately $758,000 as compared to approximately $590,000 for the same period of 2022, an increase of approximately $168,000 or 28.5%.

Gain on sale of property, During the first quarter of 2023, the Company sold its interest in five operated wells and associated leasehold acreage in various counties in the state of Arkansas for $104,000. At the time of the sale, the Company's unamortized full cost pool was approximately $230,000. The Company determined that an adjustment to capitalized costs for this sale would significantly alter the relationship between capitalized costs and proved oil and gas reserves. As a result, the Company recorded a gain on the sale of the property in the amount of $104,000 related to the sale. In determining the gain on the sale of the property. The Company considered that the Company's most recent reserve report contained no reserves associated with the property sold, and therefore, no adjustment to capitalized costs was necessary.

Financial Condition and Liquidity

The Company's operating capital needs, as well as its capital spending program are generally funded from cash flow generated by operations. Because future cash flow is subject to several 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 to fund its exploration and development programs.

Item 4. - Controls and Procedures

(a) As of the end of the period covered by this report, Spindletop Oil & Gas Co. carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Principal Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 and 15d-15. Based upon the evaluation, the Company's Principal Executive Officer and Principal Financial and Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by the report.

(b) There have been no changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Part II - Other Information

Item 5. – Other Information

Arkansas

Effective 3/1/2023, the Company sold its interests in five operated gas wells along with the associated leasehold acreage in Crawford, Franklin and Pope Counties, Arkansas.

Oklahoma

The Company participated in the drilling of the Jake #1H and #2 wells in Carter Co. OK. Both horizontal wells were landed in the Sycamore formation. The wells have been drilled, cased, and completed and are in the flow back phase. The Company owns 0.990517% non-operated working interest in the Jake #1H well and 0.117187% non-operated working interest in the Jake #2H well.

The Company participated in the drilling of the Harris 3H well in Grady Co., OK. The well is currently drilling with the horizontal wellbore in the Marchand Sand. The Company owns 0.664916% non-operated working interest.

East Texas

The Company participated in the drilling of the Smead #2 well in Gregg County, Texas. The well has been drilled, cased, and awaiting completion in the Travis Peak Sands. The Company owns 25% non-operated working interest and an 18.75% revenue interest.

Item 6. - Exhibits

The following exhibits are filed herewith or incorporated by reference as indicated.

Exhibit Designation	Exhibit Description
3.1 (a)	Amended Articles of Incorporation of Spindletop Oil & Gas Co. (Incorporated by reference to Exhibit 3.1 to the 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. (Incorporated by reference to Exhibit 3.2 to the General Form for Registration of Securities on Form 10, filed with the Commission on August 14, 1990)
31.1 *	Certification pursuant to Rules 13a-14 and 15d under the Securities Exchange Act of 1934.
31.2 *	Certification pursuant to Rules 13a-14 and 15d under the Securities Exchange Act of 1934
32.1 *	Certification pursuant to 18 U.S.C. Section 1350

* filed herewith

Signatures

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

SPINDLETOP OIL & GAS CO.
(Registrant)

Date: May 22, 2023	By:/s/ Chris G. Mazzini Chris G. Mazzini President, Principal Executive Officer
Date: May 22, 2023	By:/s/ Michelle H. Mazzini Michelle H. Mazzini Vice President, Secretary
Date: May 22, 2023	By:/s/ Robert E. Corbin Robert E. Corbin Principal Financial Officer and Accounting Manger