

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024**

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

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

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  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  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   
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

**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**  
(Class)

**6,739,943**  
(Outstanding at May 20, 2024)

**DOCUMENTS INCORPORATED BY REFERENCE**

**None**

**SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES**

**FORM 10-Q**

**For the quarter ended March 31, 2024**

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**Part I - Financial Information**

**Item 1. - Financial Statements**

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

|   | March 31,<br>2024<br>(Unaudited) | December 31,<br>2023 |
|---|----------------------------------|----------------------|
| <b>ASSETS</b>                             |                                  |                      |
| <b>Current Assets</b>                     |                                  |                      |
| Cash and cash equivalents                 | \$ 7,265,000                     | \$ 6,868,000         |
| Restricted cash                           | 270,000                          | 270,000              |
| Accounts receivable                       | 2,053,000                        | 2,090,000            |
| Income tax receivable                     | 86,000                           | 90,000               |
| Total Current Assets                      | <u>9,674,000</u>                 | <u>9,318,000</u>     |
| <b>Property and Equipment - at cost</b>   |                                  |                      |
| Oil and gas properties (full cost method) | 25,896,000                       | 26,087,000           |
| Rental equipment                          | 465,000                          | 465,000              |
| Gas gathering system                      | 115,000                          | 115,000              |
| Other property and equipment              | 479,000                          | 479,000              |
|   | <u>26,955,000</u>                | <u>27,146,000</u>    |
| Accumulated depreciation and amortization | <u>(26,320,000)</u>              | <u>(26,300,000)</u>  |
| Total Property and Equipment              | <u>635,000</u>                   | <u>846,000</u>       |
| <b>Real Estate Property - at cost</b>     |                                  |                      |
| Land                                      | 688,000                          | 688,000              |
| Commercial office building                | 1,907,000                        | 1,907,000            |
| Accumulated depreciation                  | <u>(1,250,000)</u>               | <u>(1,232,000)</u>   |
| Total Real Estate Property                | <u>1,345,000</u>                 | <u>1,363,000</u>     |
| <b>Other Assets</b>                       |                                  |                      |
| Deferred Income Tax Asset                 | 41,000                           | 40,000               |
| Other long-term investments               | 16,550,000                       | 16,575,000           |
| Other                                     | 4,000                            | \$ 4,000             |
| Total Other Assets                        | <u>16,595,000</u>                | <u>16,619,000</u>    |
| <b>Total Assets</b>                       | <u>\$ 28,249,000</u>             | <u>\$ 28,146,000</u> |

The accompanying notes are an integral part of these statements.

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

|   | March 31,<br>2024<br>(Unaudited) | December 31,<br>2023 |
|---|----------------------------------|----------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                                  |                      |
| <b>Current Liabilities</b>  |                                  |                      |
| Accounts payable and accrued liabilities  | \$ 6,667,000                     | \$ 6,542,000         |
| Total Current Liabilities   | 6,667,000                        | 6,542,000            |
| <b>Noncurrent Liabilities</b>   |                                  |                      |
| Asset retirement obligation   | 4,314,000                        | 4,414,000            |
| Total Noncurrent Liabilities  | 4,314,000                        | 4,414,000            |
| <b>Total Liabilities</b>  | 10,981,000                       | 10,956,000           |
| <b>Shareholders' Equity</b>   |                                  |                      |
| Common stock, \$.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,739,943 outstanding at March 31, 2024 and 6,739,943 outstanding at December 31, 2023. | 77,000                           | 77,000               |
| Additional paid-in capital  | 943,000                          | 943,000              |
| Treasury stock, at cost   | (1,919,000)                      | (1,919,000)          |
| Retained earnings   | 18,167,000                       | 18,089,000           |
| Total Shareholders' Equity  | 17,268,000                       | 17,190,000           |
| <b>Total Liabilities and Shareholders' Equity</b>   | \$ 28,249,000                    | \$ 28,146,000        |

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 ,<br>2024   | March 31 ,<br>2023 |
| <b>Revenues</b>                                  |                      |                    |
| Oil and gas revenues                             | \$ 892,000           | \$ 1,030,000       |
| Revenue from lease operations                    | 40,000               | 37,000             |
| Gas gathering, compression, equipment rental     | 16,000               | 21,000             |
| Real estate rental income                        | 61,000               | 68,000             |
| Other  | 12,000               | 11,000             |
| Total Revenues                                   | 1,021,000            | 1,167,000          |
| <b>Expenses</b>                                  |                      |                    |
| Lease operations                                 | 209,000              | 238,000            |
| Production taxes, gathering and marketing        | 134,000              | 157,000            |
| Pipeline and rental operations                   | 6,000                | 4,000              |
| Real estate operations                           | 16,000               | 24,000             |
| Depreciation and amortization                    | 38,000               | 31,000             |
| ARO accretion expense                            | 100,000              | 302,000            |
| General and administrative                       | 664,000              | 758,000            |
| Total Expenses                                   | 1,167,000            | 1,514,000          |
| (Loss) from operations                           | (146,000)            | (347,000)          |
| <b>Other Revenue</b>                             |                      |                    |
| Interest Income                                  | 227,000              | 125,000            |
| Gain on sale of properties                       | -                    | 104,000            |
| Total Other Revenue and Expense                  | 227,000              | 229,000            |
| Income (Loss) before income tax                  | 81,000               | (118,000)          |
| Deferred income tax provision                    | 4,000                | -                  |
| Deferred income tax (benefit)                    | (1,000)              | (21,000)           |
| Total income tax provision (benefit)             | 3,000                | (21,000)           |
| Net Income (Loss)                                | \$ 78,000            | \$ (97,000)        |
| <b>Earnings (Loss) per Share of Common Stock</b> |                      |                    |
| Basic and diluted                                | \$ 0.01              | \$ (0.01)          |
| <b>Weighted Average Shares Outstanding</b>       |                      |                    |
| Basic and diluted                                | 6,739,943            | 6,750,318          |

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, 2024 and March 31, 2023**  
(Unaudited)

|                           | Common<br>Stock<br>Shares | Common<br>Stock<br>Amount | Additional<br>Paid-In<br>Capital | Treasury<br>Stock<br>Shares | Treasury<br>Stock<br>Amount | Retained<br>Earnings |
|---------------------------|---------------------------|---------------------------|----------------------------------|-----------------------------|-----------------------------|----------------------|
| Balance December 31, 2023 | 7,677,471                 | \$ 77,000                 | \$ 943,000                       | 937,528                     | \$ (1,919,000)              | \$ 18,089,000        |
| Net Income                | -                         | -                         | -                                | -                           | -                           | 78,000               |
| Balance March 31, 2024    | 7,677,471                 | 77,000                    | \$ 943,000                       | 937,528                     | \$ (1,919,000)              | \$ 18,167,000        |
| 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        |

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,<br>2024  | March 31,<br>2023 |
| <b>Cash Flows from Operating Activities</b>                                      |                    |                   |
| Net Income (Loss)  | \$ 78,000          | \$ (97,000)       |
| Reconciliation of net Income (Loss) to net cash provided by operating activities |                    |                   |
| Depreciation and amortization  | 38,000             | 31,000            |
| Accretion of asset retirement obligation   | 100,000            | 302,000           |
| Proceeds from sale of oil and gas properties                                     | -                  | (104,000)         |
| Changes in accounts receivable   | 37,000             | 455,000           |
| Changes in income tax receivable   | 4,000              | -                 |
| Changes in accounts payable and accrued liabilities                              | 125,000            | 2,000             |
| Changes in deferred Income tax asset   | (1,000)            | -                 |
| Changes in deferred Income tax payable   | -                  | (21,000)          |
| Net cash provided for operating activities                                       | 381,000            | 568,000           |
| <b>Cash Flows from Investing Activities</b>                                      |                    |                   |
| Capitalized acquisition, exploration and development                             | (9,000)            | (559,000)         |
| Purchase of other property and equipment   | -                  | (83,000)          |
| Changes in other long-term investments   | 25,000             | (2,975,000)       |
| Proceeds from sale of oil and gas properties                                     | -                  | 104,000           |
| Net cash (used) for investing activities   | 16,000             | (3,513,000)       |
| Increase (Decrease) in cash, cash equivalents, and restricted cash               | 397,000            | (2,945,000)       |
| Cash, cash equivalents, and restricted cash at beginning of period               | 7,138,000          | 13,867,000        |
| Cash, cash equivalents, and restricted cash at end of period                     | \$ 7,535,000       | \$ 10,922,000     |

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, 2023, 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. 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.

### **3. 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 20, 2024, 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, 2023 (the "Form 10-K"), including significant global economic and pandemic factors occurring during 2023 and continuing into 2024 which are described in the following paragraphs.

Prices for oil and natural gas fluctuate widely. Among the interrelated factors that can or could cause these price fluctuations are:

- the duration and economic and financial impact of epidemics, pandemics or other public health issues, such as the COVID-19 pandemic;
- domestic and worldwide supplies of, and consumer and industrial/commercial demand for oil and natural gas;
- domestic and international drilling activity;
- the actions of other oil producing and exporting nations, including the Organization of Petroleum Exporting Countries;
- worldwide economic conditions, geopolitical factors and political conditions, including, but not limited to, the imposition of tariffs or trade or other economic sanctions, political instability or armed conflict in oil and gas producing regions;
- the availability, proximity and capacity of appropriate transportation, gathering, processing, compression, storage, and refining and export facilities;
- the price and availability of, and demand for, competing energy sources, including alternative energy sources;
- the effect of worldwide energy conservation measures, alternative fuel requirements and climate change-related legislation, policies, initiatives and developments.
- technological advances and consumer and industrial/commercial behavior, preferences and attitudes, in each case affecting energy generation, transmission, storage and consumption:
- the nature and extent of governmental regulation, including environmental and other climate change-related regulation, regulation of financial derivative transactions and hedging activities, tax laws and regulations and laws and regulations with respect to the import and export of oil, and natural gas and related commodities:
- the level and effect of trading in commodity futures markets, including trading by commodity price speculators and others; and
- natural disasters, weather conditions and changes in weather patterns.

The above-described factors and the volatility of commodity prices make it difficult to predict oil and natural gas prices during 2024 and thereafter. As a result, there can be no assurance that the prices for oil and/or natural gas will sustain, or increase from, their current levels, nor can there be any assurance that the prices for oil and/or natural gas will not decline. The Company continues to assess and monitor the impact of these factors and consequences on the Company and its operations.

Our cash flows, financial condition and results of operations depend to a great extent on prevailing commodity prices. Accordingly, substantial and extended declines in commodity prices can materially and adversely affect the amount of cash flows we have available for our capital expenditures and operating costs; the terms on which we can access the credit and capital markets; our results of operations; and our financial condition. As a result, the trading price of our common stock may be materially and adversely affected. Lower commodity prices can also reduce the amount of oil and natural gas that we can produce economically. Substantial and extended declines in the prices of these commodities can render uneconomic a portion of our exploration and development projects, resulting in our having to make downward adjustments to our estimated reserves and also possibly shut in or plug and abandon certain wells. In addition, significant prolonged decreases in commodity prices may cause the expected future cash flows from our properties to fall below their respective net book values, which would require us to write down the value of our properties. Such reserve write-downs and asset impairments can materially and adversely affect our results of operations and financial position and, in turn, the trading price of our common stock.

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, 2024, compared to the three months ended March 31, 2023

Oil and gas revenues for the first three months of 2024 were \$892,000, as compared to \$1,030,000 for the same period in 2023 a decrease of approximately \$138,000 or 13.4%, due primarily to lower gas production and lower natural gas prices between years.

Oil sales for the first three months of 2024 were approximately \$594,000 compared to approximately \$492,000 for the first three months of 2023, an increase of approximately \$102,000 or 20.7%. Oil sales volumes for the first three months of 2024 were approximately 7,478 bbls, compared to approximately 5,950 bbls during the same period in 2023, an increase of approximately 1,528 bbls, or 25.7%,

Average oil prices received were \$72.96 per bbl in the first three months of 2024 compared to \$73.44 per bbl in the first three months of 2023, a decrease of approximately \$0.48 per bbl or 0.65%.

Natural gas revenues for the first three months of 2024 were \$298,000 compared to \$538,000 for the same period in 2023, a decrease of approximately \$240,000 or 44.6%. Natural gas sales volumes for the first three months of 2024 were approximately 109,000 mcf compared to approximately 150,000 mcf during the first three months of 2023, a decrease of approximately 41,000 mcf or 27.3%.

Average gross natural gas prices received were \$2.73 per mcf in the first three months of 2024 as compared to \$3.70 per mcf in the same time period in 2023, a decrease of approximately \$0.97 per mcf or 26.2%.

Revenues from lease operations were \$40,000 in the first three months of 2024 compared to \$37,000 in the first three months of 2023, an increase of approximately \$3,000 or 8.1%. 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 2024 were \$16,000 compared to \$21,000 for the same period in 2023, a decrease of approximately \$5,000 or 23.8%. These revenues are derived from gas volumes produced and transported through the Company owned gas gathering systems.

Real estate revenue was approximately \$61,000 during the first three months of 2024 compared to \$68,000 for the first three months of 2023, a decrease of approximately \$7,000, or 10.3%.

Interest income was \$227,000 during the first three months of 2024 as compared to \$125,000 during the same period in 2023, an increase of approximately \$102,000. 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 and the overall general increase in interest rates between the periods.

Other revenues for the first three months of 2024 were \$12,000 as compared to \$11,000 for the same period in 2023, an increase of approximately \$1,000 or 9.1%.

Lease operating expenses in the first three months of 2024 were approximately \$209,000 as compared to \$238,000 in the first three months of 2023, a net decrease of approximately \$29,000, or 12.2%.

Production taxes, gathering and marketing expenses in the first three months of 2024 were approximately \$134,000 as compared to \$157,000 for the first three months of 2023, a decrease of approximately \$23,000 or 14.7%. This decrease relates directly to the net decrease in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the first three months of 2024 were \$6,000 compared to \$4,000 for the same time period in 2023, an increase of \$2,000 or 50.0%.

Real estate expenses in the first three months of 2024 were approximately \$16,000 compared to \$24,000 during the same period in 2023, a decrease of approximately \$8,000 or 33.3%.

Depreciation, depletion, and amortization expenses for the first three months of 2024 were \$38,000 as compared to \$31,000 for the same period in 2023, an increase of \$7,000, or 22.6%. Amortization of the amount for the full cost pool for the first three months of 2024 was \$14,000 compared to \$13,000 for the same period of 2023. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2023. This re-evaluated reserve base was reduced for oil and gas reserves that were produced or sold during the first three months of 2024 and adjusted for newly acquired reserves or for changes in estimated production curves and future price assumptions. A year-to-date depletion rate of 5.831% for the three months ended 2024 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 5.733% for the same period in 2023.

Asset Retirement Obligation ("ARO") expense for the first three months of 2024 was approximately \$100,000 as compared to approximately \$302,000 for the same period in 2023, a decrease of approximately \$202,000 or 66.9%. 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 2024 were approximately \$664,000 as compared to approximately \$758,000 for the same period of 2023, a decrease of approximately \$94,000 or 12.4%.

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, 2024, 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**

#### **East Texas**

During the first quarter of 2024, the Company participated in the completion of the Smead #2 well in Gregg County, Texas. The well was completed in the Travis Peak and was placed in production in February 2024 producing at an average rate of 100 mcf/gpd and 3 bopd. The Company owns a 25% non-operated working interest with an 18.75% revenue interest.

## Item 6. - Exhibits

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

| <u>Exhibit Designation</u> | <u>Exhibit Description</u>   |
|----------------------------|--|
| 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   |

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\* 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 20, 2024

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

Date: May 20, 2024

By:/s/ Michelle H. Mazzini  
Michelle H. Mazzini  
Vice President, Secretary

Date: May 20, 2024

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manger

Exhibit 31.

## CERTIFICATION

I, Chris G. Mazzini, certify that:

1. I have reviewed this report on Form 10-Q of Spindletop Oil & Gas Co.
2. Based on my knowledge, this 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 report.
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 principles; 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.

Date: May 20, 2024

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

Exhibit 31.2

## CERTIFICATION

I, Robert E. Corbin, certify that:

1. I have reviewed this report on Form 10-Q of Spindletop Oil & Gas Co.
2. Based on my knowledge, this 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 report.
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 principles; 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.

Date: May 20, 2024

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manager

Certification Pursuant to 18 U.S.C. Section 1350  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Spindletop Oil & Gas Co. (the "Company"), on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities Exchange Commission on the date hereof (the "Report"), the undersigned Principal Executive Officer and Principal Financial and Accounting Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 20, 2024

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

By:/s/ Robert E. Corbin  
Robert E. Corbin  
Principal Financial Officer and  
Accounting Manager