

SPINDLETOP OIL & GAS CO
Form 10-Q
August 19, 2015

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 June 30, 2015

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)

Edgar Filing: SPINDLETOP OIL & GAS CO - Form 10-Q

Texas 75-2063001
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

12850 Spurling Rd., Suite 200, Dallas, Texas 75230
(Address of principal executive offices) (Zip Code)

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

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 (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 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 (§ 232.405 of this chapter) during the preceding 12 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer [] Accelerated filer []
Non-accelerated filer [] Smaller reporting company []

-1-

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 ISSUERS 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 ISSUERS:

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 6,936,269

(Class) (Outstanding at Aug 19, 2015)

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q

For the quarter ended June 30, 2015

Index to Consolidated Financial Statements and Schedules

Part I – Financial Information:	Page
Item 1. – Financial Statements	
Consolidated Balance Sheets June 30, 2015 (Unaudited) and December 31, 2014	4 - 5
Consolidated Statements of Operations (Unaudited) Six Months Ended June 30, 2015 and 2014, and Three Months Ended June 30, 2015 and 2014	6
Consolidated Statements of Cash Flow (Unaudited) Six Months Ended June 30, 2015 and 2014	7
Notes to Consolidated Financial Statements	8
Item 2. – Management’s Discussion and Analysis of Financial Condition and Results of Operations	8
Item 4. – Controls and Procedures	13
Part II – Other Information:	
Item 5. – Other Information	13
Item 6. – Exhibits	15

Part I - Financial Information**Item 1. - Financial Statements****SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,105,000	\$ 14,294,000
Accounts receivable, trade	2,102,000	2,153,000
Prepaid income tax	656,000	172,000
Other short-term investments	400,000	400,000
Total Current Assets	16,263,000	17,019,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	28,670,000	28,067,000
Rental equipment	406,000	406,000
Gas gathering system	180,000	180,000
Other property and equipment	296,000	251,000
	29,552,000	28,904,000
Accumulated depreciation and amortization	(15,958,000)	(15,147,000)
Total Property and Equipment	13,594,000	13,757,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,580,000	1,580,000
Accumulated depreciation	(782,000)	(756,000)
Total Real Estate Property	1,486,000	1,512,000
Other Assets		
Other long-term investments	1,200,000	1,200,000
Other	5,000	18,000
Total Other Assets	1,205,000	1,218,000
Total Assets	\$ 32,548,000	\$ 33,506,000

The accompanying notes are an integral part of these statements.

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

	June 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,933,000	\$ 6,257,000
Tax savings benefit	97,000	97,000
Total Current Liabilities	6,030,000	6,354,000
Noncurrent Liabilities		
Asset retirement obligation	1,063,000	1,078,000
Total Noncurrent Liabilities	1,063,000	1,078,000
Deferred Income Tax Payable	1,317,000	1,828,000
Total Liabilities	8,410,000	9,260,000
Shareholders' Equity		
Common stock, \$.01 par value, 100,000,000 shares authorized; 7,677,471 shares issued and 6,936,269 shares outstanding at June 30, 2015 and at December 31, 2014.	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury stock, at cost	(1,536,000)	(1,536,000)
Retained earnings	24,654,000	24,762,000
Total Shareholders' Equity	24,138,000	24,246,000
Total Liabilities and Shareholders' Equity	\$ 32,548,000	\$ 33,506,000

The accompanying notes are an integral part of these statements.

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

(Unaudited)

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues				
Oil and gas revenues	\$ 2,434,000	\$ 6,857,000	\$ 1,205,000	\$ 3,587,000
Revenues from lease operations	244,000	249,000	141,000	133,000
Gas gathering, compression, equipment rental	70,000	72,000	39,000	43,000
Real estate rental revenue	114,000	121,000	54,000	60,000
Interest Income	52,000	53,000	36,000	37,000
Other revenues	38,000	109,000	21,000	33,000
Total Revenues	2,952,000	7,461,000	1,496,000	3,893,000
Expenses				
Lease operating expenses	1,110,000	1,060,000	670,000	724,000
Production taxes, gathering and marketing expenses	288,000	539,000	151,000	297,000
Pipeline and rental expenses	19,000	27,000	11,000	7,000
Real estate expenses	81,000	95,000	35,000	40,000
Depreciation and amortization expenses	837,000	1,038,000	427,000	560,000
ARO accretion expense	21,000	59,000	11,000	30,000
General and administrative expenses	1,649,000	1,742,000	805,000	855,000
Total Expenses	4,005,000	4,560,000	2,110,000	2,513,000
Income (loss) before income tax	(1,053,000)	2,901,000	(614,000)	1,380,000
Current income tax provision (benefit)	(434,000)	177,000	(384,000)	(39,000)
Deferred income tax provision (benefit)	(511,000)	390,000	(278,000)	100,000
Total income tax provision (benefit)	(945,000)	567,000	(662,000)	61,000
Net Income (Loss)	\$ (108,000)	\$ 2,334,000	\$ 48,000	\$ 1,319,000
Earnings (Loss) per Share of Common Stock				
Basic and Diluted	\$ (0.02)	\$ 0.34	\$ 0.01	\$ 0.19
Weighted Average Shares Outstanding				
Basic and Diluted	6,936,269	6,936,269	6,936,269	6,936,269

The accompanying notes are an integral part of these statements.

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

(Unaudited)

Cash Flows from Operating Activities		
Net Income (Loss)	\$ (108,000)	\$ 2,334,000
Reconciliation of net income (loss) to net cash provided by operating activities		
Depreciation and amortization	837,000	1,038,000
Accretion of asset retirement obligation	21,000	79,000
Changes in accounts receivable	51,000	985,000
Changes in prepaid income tax	(484,000)	(71,000)
Changes in accounts payable & accrued liabilities	(324,000)	2,410,000
Changes in current tax payable	-	(252,000)
Changes in deferred tax payable	(511,000)	390,000
Other	13,000	(1,000)
Net cash provided by (used for) operating activities	(505,000)	6,912,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(684,000)	(2,168,000)
Net cash used for investing activities	(684,000)	(2,168,000)
Increase (decrease) in cash	(1,189,000)	4,744,000
Cash at beginning of period	14,294,000	9,129,000
Cash at end of period	\$ 13,105,000	\$ 13,873,000
Income taxes paid in cash	\$ 50,000	\$ 500,000

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, 2014 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.

Subsequent Events

Management has evaluated subsequent events through August 19, 2015, 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 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 no changes from the risk factors previously described in the Company’s Form 10-K for the fiscal year ended December 31, 2014 (the “Form 10-K”).

Uncertainties regarding the global economic and financial environment 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 for long periods of time. Costs of exploration, development and production have not yet adjusted to current economic conditions, or in proportion to the significant reduction in product 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 interest 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.

The Obama administration has set forth budget proposals 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 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

Six months ended June 30, 2015 compared to six months ended June 30, 2014

Oil and gas revenues for the first six months of 2015 were \$2,434,000, as compared to \$6,857,000 for the same period in 2014, a decrease of approximately \$4,423,000 or 64.5%.

Natural gas revenue for the first six months of 2015 was \$886,000 compared to \$1,748,000 for the same period in 2014, a decrease of approximately \$862,000, or 49.3%. Natural gas sales volumes for the first six months of 2015 were approximately 345,000 mcf compared to approximately 356,000 mcf during the first six months of 2014, a decrease of approximately 11,000 mcf or 3.1%.

Average natural gas prices received were \$2.51 per mcf in the first six months of 2015 as compared to \$4.85 per mcf in the same time period in 2014, a decrease of approximately \$2.34 per mcf or 48.3%.

Oil sales for the first six months of 2015 were approximately \$1,548,000 compared to approximately \$5,109,000 for the first six months of 2014, a decrease of approximately \$3,561,000 or 69.7%. Oil sales volumes for the first six months of 2015 were approximately 30,900, compared to approximately 52,100 bbls during the same period in 2014, a decrease of approximately 21,200 bbls, or 40.7%.

Average oil prices received were \$49.92 per bbl in the first half of 2015 compared to \$94.51 per bbl in the first half of 2014, a decrease of approximately \$44.59 per bbl or 47.2%.

Revenues from lease operations were \$244,000 in the first six months of 2015 compared to \$249,000 in the first six months of 2014, a decrease of approximately \$5,000 or 2.0%. This decrease is due primarily to a \$5,700 decrease in field supervision charges. Operator overhead charged to the leases remained substantially the same.

Revenues from gas gathering, compression and equipment rental for the first six months of 2015 were \$70,000 compared to \$72,000 for the same period in 2014, a decrease of \$2,000 or 2.8%.

Real estate revenue was approximately \$114,000 during the first six months of 2015 compared to \$121,000 for the first six months of 2014, a decrease of approximately \$7,000, or 5.8%.

Interest income was \$52,000 during the first six months of 2015 as compared to \$53,000 during the same period in 2014, a decrease of approximately \$1,000 or 1.9%. This decrease was due to larger cash balances transferred from interest earning certificates of deposit between the two periods.

Other revenues for the first six months of 2015 were \$38,000 as compared to \$109,000 for the same time period in 2014, a decrease of \$71,000 or 65.1%. This decrease was primarily due to a \$60,000 farmout of some of the Company's New Mexico acreage in the first quarter of 2014. There were no farmout arrangements during the first six months of 2015. From time to time, the Company farms out some of its leasehold acreage to non-affiliated third parties for exploration and development drilling. Generally, the Company receives a one-time payment for the agreement. The revenues from these farm-out agreements vary in size and frequency and should not be considered as regularly recurring revenues that the Company receives.

Lease operating expenses in the first six months of 2015 were \$1,110,000 as compared to \$1,060,000 in the first six months of 2014, a net increase of \$50,000, or 4.7%. The prior year balance contains certain non-recurring expenses including approximately \$55,000 for prior period adjustments for non-operated leases due to an agreement reached and recorded in the second quarter of 2014 offset by \$63,000 in prior year credits for material transfers to inventory. This net increase of \$8,000 between periods due to the non-recurrence of these prior year expenses is added to approximately \$101,000 in increased workover expenses on operated properties between periods, and expenses for new operated and non-operated properties of approximately \$30,000 and \$14,000, respectively; increases were offset by \$44,000 in decreased non-operated workover expenses, and the remaining \$59,000 decrease represents net increases and decreases on various properties due to general price fluctuations and levels of operation activity.

Production taxes, gathering and marketing expenses in the first six months of 2015 were approximately \$288,000 as compared to \$539,000 for the first six months of 2014, a decrease of approximately \$251,000, or 46.6%. These decreases related directly to the decline in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the first six months of 2015 were \$19,000 compared to \$27,000 for the same time period in 2014, a decrease of \$8,000, or 29.6%. This change is primarily due to a decrease in repairs and maintenance expenses.

Real estate expenses in the first six months of 2015 were approximately \$81,000 compared to \$95,000 during the same period in 2014, a decrease of approximately \$14,000 or 14.7%. This decrease is due primarily to lower utilities, maintenance and repair expenses offset by higher HVAC repair expense.

Depreciation, depletion, and amortization expenses for first six months of 2015 were \$837,000 as compared to \$1,038,000 for the same period in 2014, a decrease of \$201,000, or 19.4%. \$803,000 of the amount for the first six months of 2015 was for amortization of the full cost pool of capitalized costs compared to \$1,003,000 for the same period of 2014, a decrease of \$200,000 or 19.9%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2014. This re-evaluated reserve base was adjusted for the first six months as of June 30, 2015 by estimating variances in average prices of oil and natural gas that occurred during the period, adding estimated quantities of oil and natural gas reserves acquired during the period, and deducting oil and natural gas reserves that were produced or sold during the period. A depletion rate of 2.929% for the first quarter of 2015 and a depletion rate of 2.795% for the second quarter of 2015 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.270% and 3.804% for the first two quarters of 2014 respectively.

Asset Retirement Obligation ("ARO") expense for the first six months of 2015 was approximately \$21,000 as compared to approximately \$59,000 for the same time period in 2014, a decrease of approximately \$38,000 or 64.4%. This decrease is due to a recalculation of the estimated present value to plug producing properties compared to the estimate made in the previous year. This recalculation was made after the Company re-evaluated its proved oil and natural gas reserves at the end of 2014.

General and administrative expenses for the first six months of 2015 were approximately \$1,649,000 as compared to approximately \$1,742,000 for the same time period of 2014, a decrease of approximately \$93,000 or 5.3%. This decrease is primarily due to insurance prepayments and timing of recurring payments, as well as lower salaries and benefits.

Three months ended June 30, 2015 compared to three months ended June 30, 2014

Oil and natural gas revenues for the three months ended June 30, 2015 were \$1,205,000, compared to \$3,587,000 for the same time period in 2014, a decrease of \$2,382,000, or 66.4%.

Natural gas revenue for the second quarter of 2015 were \$426,000 compared to \$857,000 for the same period in 2014, a decrease of \$431,000 or 50.3%. Natural gas volumes sold for the second quarter of 2015 were approximately 173,000 mcf compared to approximately 172,000 mcf during the same period of 2014, an increase of approximately 1,000 mcf, or 0.6%.

Average natural gas prices received were approximately \$2.46 per mcf in the second quarter of 2015 as compared to approximately \$4.71 per mcf during the same period in 2014, a decrease of approximately \$2.25 or 47.8%.

Oil sales for the second quarter of 2015 were approximately \$779,000 compared to approximately \$2,730,000 for the same period of 2014, a decrease of approximately \$1,951,000 or 71.5%. Oil volumes sold for the second quarter of 2015 were approximately 14,300 bbls compared to approximately 31,200 bbls during the same period of 2014, a decrease of 16,900 bbl or 54.2%.

Average oil prices received were approximately \$54.48 per bbl in the second quarter of 2015 compared to \$100.55 per bbl during the same period of 2014, a decrease of approximately \$46.07 per bbl, or 45.8%.

Revenues from lease operations for the second quarter of 2015 was approximately \$141,000 compared to approximately \$133,000 for the second quarter of 2014, an increase of approximately \$8,000 or 6.0%. This increase is due primarily to increases in charges to field supervision. Operator overhead charged to the leases remained substantially the same.

Revenues from gas gathering, compression and equipment rental for the second quarter of 2015 were approximately \$39,000, compared to approximately \$43,000, a decrease of approximately \$4,000 or 9.3% for the same period in 2014.

Real estate revenue was approximately \$54,000 during the second quarter of 2015 compared to \$60,000 for the same time period of 2014, a decrease of approximately \$6,000 or 10.0%.

Interest income for the second quarter of 2015 was approximately \$36,000 as compared with approximately \$37,000 for the same period in 2014, a decrease of approximately \$1,000 or 2.70%. This decrease was due to larger cash balances transferred from interest earning certificates of deposit between the two periods.

Other revenues for second quarter of 2015 were approximately \$21,000 as compared with approximately \$33,000 for the same period in 2014, a decrease of approximately \$12,000 or 36.4%.

Lease operating expenses in the second quarter of 2015 were \$670,000 as compared to \$724,000 in the second quarter of 2014, a net decrease of approximately \$54,000, or 7.5%. The prior year balance contains certain non-recurring expenses including approximately \$169,000 for prior period adjustments for non-operated leases due to an agreement reached and recorded in the second quarter of 2014 offset by \$63,000 in prior year credits for material transfers to inventory. This net decrease of \$106,000 due to the non-recurrence of these prior year expenses is offset by approximately \$69,000 in increased operated lease workover expense, and \$21,000 in expenses related to new operated properties, netted against a decrease of \$38,000 representing net increases and decreases on various properties due to general price fluctuations and levels of operation activity.

Production taxes, gathering, transportation and marketing expenses for the second quarter of 2015 were approximately \$151,000 as compared to \$297,000 during the second quarter of 2014, a net decrease of approximately \$146,000 or 49.2%. These decreases related directly to the decline in oil and gas revenues as described in the above paragraphs.

Pipeline and rental expenses for the second quarter of 2015 were \$11,000 compared to \$7,000 for the same time period in 2014, an increase of \$4,000 or 57.1%. This change is primarily due to the timing of repairs and maintenance expense.

Real estate expenses during the second quarter 2015 were approximately \$35,000 compared to approximately \$40,000 for the same period in 2014, a decrease of approximately \$5,000 or 12.5%. This decrease is due primarily to a decrease in utilities and repairs.

Depreciation, depletion, and amortization expenses for the second quarter of 2015 were \$427,000 as compared to \$560,000 for the same period in 2014, a decrease of \$133,000, or 23.8%. \$406,000 of the amount for the second quarter of 2015 was for amortization of the full cost pool of capitalized costs compared to \$543,000 for the second quarter of 2014, a decrease of \$137,000 or 25.2%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2014. This re-evaluated reserve base was adjusted for the first six months as of June 30, 2015 by estimating variances in average prices of oil and natural gas that occurred during the period, adding estimated quantities of oil and natural gas reserves acquired during the period, and deducting oil and natural gas reserves that were produced or sold during the period. A depletion rate of 2.929% for the first quarter of 2015 and a depletion rate of 2.795% for the second quarter of 2015 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to rates of 3.270% and 3.804% for the first two quarters of 2014 respectively.

Asset Retirement Obligation (“ARO”) expense for the second quarter of 2015 was approximately \$11,000 as compared to approximately \$30,000 for the same time period in 2014, a decrease of approximately \$19,000 or 63.3%. This decrease is due to a recalculation of the estimated present value to plug producing properties compared to the estimate made in the previous year. This recalculation was made after the Company re-evaluated its proved oil and natural gas reserves at the end of 2014.

General and administrative expenses for the second quarter of 2015 were \$805,000 compared to \$855,000 for the same period in 2014, a decrease of approximately \$50,000 or 5.8%. The decrease is primarily due to lower salaries and benefits and contract labor, offset by higher franchise tax expense, in the second quarter of 2015 compared to the second quarter of 2014.

Financial Condition and Liquidity

The Company's operating capital needs, as well as its capital spending program are generally funded from cash flow generated by operations. Because future cash flow is subject to a number of variables, such as the level of production and the sales price of oil and natural gas, the Company can provide no assurance that its operations will provide cash sufficient to maintain current levels of capital spending. Accordingly, the Company may be required to seek additional financing from third parties in order to fund its exploration and development programs.

Item 4. - Controls and Procedures

(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 June 30, 2015 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

West Texas

During the fourth quarter of 2014, the Company participated for a 2.62033% non-operated working interest with a 2.12903% net revenue interest in the drilling of the Moore Hooper #2H well located in the Phantom (Wolfcamp) field of Loving County, Texas. The well is a horizontal well targeting the Wolfcamp “A”. The well was spud on November 26, 2014, and surface casing was set at a depth of 4,183 ft. and cemented in. The operator utilized a smaller rig to drill the vertical and curve portion of the well and to set the surface and intermediate casing. The intermediate casing was set and cemented through the curve at a depth of 10,197 ft. on December 13, 2014. A larger rig was moved in and began drilling the lateral on February 13, 2015, and reached total measured depth of 16,160 ft. with a TVD of 10,909 ft. on February 25, 2015. On February 28, 2015, 4.5-inch casing with sliding sleeves was run to TMD and cemented-in. The well was hydraulically fractured using sliding sleeves. Stage 1 and 2 were completed on March 20, 2015 and the remaining 12 stages were completed March 31, 2015 through April 2, 2015, with 5,729,932 lbs. of proppant, 1,128 bbls. of acid, and 56,650 bbls. of gel. The perforations were reported to be from 10,536 ft. to 11,403 ft. in the Wolfcamp “A”. The well was placed on gas lift and had an initial potential of 1,198 bopd, 1,327 mcfcpd, and 2,767 bwpcd on April 23, 2015.

The Company also participated for a 2.62033% non-operated working interest with a 2.12903% net revenue interest in the drilling of the Moore Hooper #3H well located in the Phantom (Wolfcamp) field. The well is a horizontal well targeting the Wolfcamp "A". The well was spud on December 14, 2014, and surface casing was set and cemented at a depth of 4,215 ft. on December 23, 2014. The vertical and the curve portion of the well were then drilled and intermediate casing was set and cemented through the curve at a depth of 10,090 ft. on January 4, 2015 using a smaller rig. A larger rig was moved in and began drilling the lateral on April 29, 2015, and reached total measured depth of 16,160 ft. with a TVD of 10,800 ft. on May 16, 2015. On May 18, 2015, 4.5-inch casing was run to TMD of 16,099 ft. and cemented-in. The well was hydraulically fractured with 26 stages using the plug-n-perf method from June 11, 2015 through June 19, 2015, with 9,529,520 lbs. of proppant, 3,345 bbls of acid, and 160,522 bbls. of gel. During flowback from June 22, 2015 through June 30, 2015 the well produced 4,873 bbls of oil, 9,851 mcf, and 29,502 bbls of water.

During the fourth quarter of 2014, the Company, as Operator, drilled the Miller #2 well located in the Noodle, NW (Canyon Sand) field of Jones County, Texas. The well is a vertical well targeting the Canyon Sands. The well was spud on October 11, 2014, and reached a TD of 4,360 ft. on October 21, 2014. On October 23, 2014, 5.5-inch production casing was set to 4,358 ft. and cemented in-place. The Canyon Sands were perforated from 3,997 ft. to 4,017 ft. on February 3, 2015. The perfs were broken down with 1,000 gallons of 10% NEFE acid. The well was swabbed for two days and then built pressure for eight days. On February 21, 2015, the Canyon Sands were hydraulically fractured with 58,112 lbs. of proppant and 1,116 bbls of gel. On May 28, 2015 the well was re-fractured in the previous interval with 18,984 gallons linear gel, 645,252 scf of N₂ and 67,276# 20-40 mesh sand. The well was then swabbed for four days and rods were run into the hole on June 11, 2015. The well has not yet been placed on pump. The Company owns a 76% working interest, with a 67.375% net revenue interest.

North Texas

Effective June 1, 2015, the Company sold its operated working interests, ranging from 70% to 100%, with 52.5% to 75% net revenue interest, in eight (8) wells producing from the Marble Falls, Duffer, McClesky Sand, and Caddo formations in Eastland County, Texas.

For all of the above wells, the Company cautions that the initial production rates of a newly completed well or newly recompleted well or the production rates at the effective date of acquisition may not be an indicator of stabilized production rates or an indicator of the ultimate recoveries obtained.

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

-15-

Signatures

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

SPINDLETOP OIL & GAS CO.
(Registrant)

Date: August 19, 2015 By:/s/ Chris G. Mazzini
Chris G. Mazzini
President, Principal Executive Officer

Date: August 19, 2015 By:/s/ Michelle H. Mazzini
Michelle H. Mazzini
Vice President, Secretary

Date: August 19, 2015 By:/s/ Robert E. Corbin
Robert E. Corbin
Controller, Principal Financial and
Accounting Officer

Exhibit 31.1

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

disclosed in this report any change in the registrant's internal control over financial reporting that occurred during (d) 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: August 19, 2015

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

disclosed in this report any change in the registrant's internal control over financial reporting that occurred during (d) 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: August 19, 2015

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

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Spindletop Oil & Gas Co. (the “Company”), on Form 10-Q for the quarter ended June 30, 2015 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: August 19, 2015

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

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

