SPINDLETOP OIL & GAS CO
Form 10-Q
August 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

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 (I.R.S. Employer Identification No.)
12850 Spurling Rd., Suite 200, Dallas, Texas (Address of principal executive offices)	75230 (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 [X]

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

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant 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 [X] 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 [X]

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the

Exchange Act. Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEEDING 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 14, 2013)

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q

For the quarter ended June 30, 2013

Index to Consolidated Financial Statements and Schedules

Part I - Financial Information

Item 1. - Financial Statements

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,961,000	$ 7,151,000
Accounts receivable, trade	2,424,000	2,155,000
Other short-term investments	400,000	400,000
Total Current Assets	11,785,000	9,706,000
Property and Equipment - at cost		
Oil and gas properties (full cost method)	23,446,000	22,822,000
Rental equipment	399,000	399,000
Gas gathering system	145,000	145,000
Other property and equipment	251,000	251,000
	24,241,000	23,617,000
Accumulated depreciation and amortization	(12,309,000)	(11,491,000)
Total Property and Equipment	11,932,000	12,126,000
Real Estate Property - at cost		
Land	688,000	688,000
Commercial office building	1,580,000	1,580,000
Accumulated depreciation	(679,000)	(653,000)
Total Real Estate Property	1,589,000	1,615,000
Other Assets		
Other long-term investments	1,200,000	1,200,000
Other	6,000	6,000
Total Other Assets	1,206,000	1,206,000
Total Assets	$ 26,512,000	$ 24,653,000
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The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - (Continued)

	June 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable, current portion	$ 120,000	$ 120,000
Accounts payable and accrued liabilities	3,616,000	3,451,000
Income tax payable	127,000	99,000
Tax savings benefit	97,000	97,000
Total Current Liabilities	3,960,000	3,767,000
Noncurrent Liabilities		
Notes payable, long-term portion	540,000	600,000
Asset Retirement obligation	951,000	949,000
Total Noncurrent Liabilities	1,491,000	1,549,000
Deferred Income Tax Payable	1,993,000	1,838,000
Total Liabilities	7,444,000	7,154,000
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, 2013; 7,677,471 shares issued and 6,936,269 shares outstanding at December 31, 2012.	77,000	77,000
Additional paid-in capital	943,000	943,000
Treasury Stock, at cost	(1,536,000)	(1,536,000)
Retained earnings	19,584,000	18,015,000
Total Shareholder's Equity	19,068,000	17,499,000
Total Liabilities and Shareholders' Equity	$ 26,512,000	$ 24,653,000
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The accompanying notes are an integral part of these statements.

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SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2013	2012	2013	2012
Revenues				
Oil and gas revenues	$ 5,673,000	$ 3,973,000	$ 3,528,000	$ 2,215,000
Revenue from lease operations	187,000	186,000	96,000	105,000
Gas gathering, compression, equipment rental	63,000	73,000	35,000	41,000
Real estate rental income	123,000	130,000	64,000	62,000
Interest Income	42,000	38,000	24,000	20,000
Other	43,000	896,000	16,000	497,000
Total Revenues	6,131,000	5,296,000	3,763,000	2,940,000
Expenses				
Lease operations	1,054,000	1,026,000	609,000	647,000
Production taxes, gathering and marketing	504,000	365,000	337,000	200,000
Pipeline and rental operations	21,000	12,000	13,000	6,000
Real estate operations	87,000	72,000	39,000	34,000
Depreciation and amortization	844,000	671,000	457,000	380,000
ARO accretion expense	20,000	17,000	10,000	9,000
General and administrative	1,536,000	1,594,000	768,000	772,000
Interest expense	13,000	15,000	7,000	7,000
Total Expenses	4,079,000	3,772,000	2,240,000	2,055,000
Income before income tax	2,052,000	1,524,000	1,523,000	885,000
Current income tax provision	328,000	144,000	246,000	66,000
Deferred income tax provision (benefit)	155,000	(380,000)	209,000	(199,000)
Total income tax provision (benefit)	483,000	(236,000)	455,000	(133,000)
Net Income	$ 1,569,000	$ 1,760,000	$ 1,068,000	$ 1,018,000
Earnings per Share of Common Stock				
Basic and Diluted	$ 0.22	$ 0.23	$ 0.15	$ 0.13
Weighted Average Shares Outstanding				
Basic and Diluted	6,936,269	7,660,803	6,936,269	7,660,803

The accompanying notes are an integral part of these statements.

SPINDLETOP OIL & GAS CO AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net Income	$ 1,569,000	$ 1,760,000
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	844,000	671,000
Accretion of asset retirement obligation	20,000	17,000
Changes in accounts receivable	(269,000)	(16,000)
Changes in prepaid income tax	-	293,000
Changes in accounts payable	165,000	(138,000)
Changes in current tax payable	28,000	-
Changes in asset retirement obligation	2,000	28,000
Changes in deferred tax payable	155,000	(380,000)
Net cash provided by operating activities	2,514,000	2,235,000
Cash Flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(644,000)	(858,000)
Purchase of other property and equipment	-	(6,000)
Net cash (used for) investing activities	(644,000)	(864,000)
Cash Flows from Financing Activities		
Repayment of note payable to bank	(60,000)	(60,000)
Net cash (used for) financing activities	(60,000)	(60,000)
Increase in cash	1,810,000	1,311,000
Cash at beginning of period	7,151,000	6,695,000
Cash at end of period	$ 8,961,000	$ 8,006,000
Interest paid in cash	$ 6,000	$ 15,000
Income taxes paid in cash	$ 300,000	$ -

The accompanying notes are an integral part of these statements.

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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, 2012 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.

<u>Subsequent Events</u>

The Company has evaluated subsequent events through the issuance date of this report of August 14, 2013.

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,” “mi
“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, 2012 (the "Form 10-K").

The current global economic and financial crisis 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. Prices for oil and natural gas are volatile. Costs of exploration, development and production have not yet adjusted to current economic conditions. 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, could further limit the Company's access to liquidity and credit and could hinder its ability to satisfy its capital requirements.

Capital and credit markets experienced unprecedented volatility and disruption over the last few years and continue to be unpredictable. Given the current levels of market volatility and disruption, the availability of funds from those markets has diminished 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 capital and credit market conditions, Spindletop cannot be certain that funding will be available to the Company 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, Spindletop 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 Spindletop's 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, 2013 compared to six months ended June 30, 2012

Oil and gas revenues for the first six months of 2013 were $5,673,000, as compared to $3,973,000 for the same period in 2012, an increase of approximately $1,700,000 or 42.8%.

Natural gas revenues for the first six months of 2013 were $1,502,000 compared to $1,318,000 for the same period in 2012, an increase of approximately $184,000, or 14.0%. Natural gas sales volumes for the first six months of 2013 were approximately 374,000 mcf compared to approximately 373,000 mcf during the first six months of 2012, an increase of approximately 1,000 mcf or 0.3%.

Average natural gas prices received were $4.02 per mcf in the first six months of 2013 as compared to $3.97 per mcf in the same time period in 2012, an increase of approximately $0.05 per mcf or 1.26%.

Oil sales for the first six months of 2013 were approximately $4,171,000 compared to approximately $2,655,000 for the first six months of 2012, an increase of approximately $1,516,000 or 57.10%. Oil sales volumes for the first six months of 2013 were approximately 40,300 bbls, compared to approximately 25,000 bbls during the same period in 2012, an increase of approximately 15,300 bbls, or 61.2%.

Average oil prices received were $103.46 per bbl in the first half of 2013 compared to $103.97 per bbl in the first half of 2012, a decrease of approximately $0.51 per bbl or 0.49%.

Revenue from lease operations was $187,000 in the first six months of 2013 compared to $186,000 in the first six months of 2012, an increase of $1,000 or 0.54%.

Revenue from gas gathering, compression and equipment rental for the first six months of 2013 was $63,000 compared to $73,000 for the same period in 2012, a decrease of $10,000 or 13.7%.

Real estate income was approximately $123,000 during the first six months of 2013 compared to $130,000 for the first six months of 2012, a decrease of approximately $7,000, or 5.38%.

Interest income was $42,000 during the first six months of 2013 as compared to $38,000 during the same period in 2012, an increase of approximately $4,000 or 10.5%.

Other income for the first six months of 2013 was $43,000 as compared to $896,000 for the same time period in 2012, a decrease of $853,000 or 95.2%. This change is due to the decrease in cash received for farm-out agreements in the first six months of 2013 compared to those received in the first six months of 2012. 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 operations expense in the first six months of 2013 was $1,054,000 as compared to $1,026,000 in the first six months of 2012, a net increase of approximately $28,000, or 2.7%. This net increase is due primarily to workover costs between the two periods.

Production taxes, gathering and marketing expenses in the first six months of 2013 were approximately $504,000 as compared to $365,000 for the first six months of 2012, an increase of approximately $139,000, or 38.1%. This increase is due primarily to the increased production of crude oil between the periods.

Pipeline and rental operations expenses for the first six months of 2013 were $21,000 compared to $12,000 for the same time period in 2012, an increase of $9,000, or 75.0%. This is due to an increase in repairs and chemicals needed to maintain the equipment.

Real estate operations expense in the first six months of 2013 was approximately $87,000 compared to $72,000 during the same period in 2012, an increase of approximately $15,000 or 20.8%.

Depreciation, depletion, and amortization for first six months of 2013 was $844,000 as compared to $671,000 for the same period in 2012, an increase of $173,000, or 25.8%. $808,000 of the amount for the first six months of 2013 was for amortization of the full cost pool of capitalized costs compared to $614,000 for the same period of 2012, an increase of $194,000 or 31.6%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2012. This re-evaluated reserve base was adjusted for the first six months as of June 30, 2013 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 2.951% for the first quarter of 2013 and a depletion rate of 3.510% for the second quarter of 2013 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to a total depletion rate of 5.378% for the first six months of 2012.

Asset Retirement Obligation ("ARO") expense for the first six months of 2013 was approximately $20,000 as compared to approximately $17,000 for the same time period in 2012, an increase of approximately $3,000.

General and administrative costs for the first six months of 2013 were approximately $1,536,000 as compared to approximately $1,594,000 for the same time period of 2012, a decrease of approximately $58,000 or 3.6%.

Interest expense was approximately $13,000 for the first six months of 2013 compared to approximately $15,000 for the same period in 2012, a decrease of approximately $2,000 or 13.3%. This is due to the continued reduction of the principal amount of the loan on the office building owned by the Company as interest on the note is calculated and paid based on the unpaid balance of the loan.

Three months ended June 30, 2013 compared to three months ended June 30, 2012

Oil and natural gas revenues for the three months ended June 30, 2013 were $3,528,000, compared to $2,215,000 for the same time period in 2012, an increase of $1,313,000, or 59.3%.

Natural gas revenues for the second quarter of 2013 were $863,000 compared to $614,000 for the same period in 2012, an increase of $249,000 or 40.6%. Natural gas volumes sold for the second quarter of 2013 were approximately 178,000 mcf compared to approximately 216,000 mcf during the same period of 2012, a decrease of approximately 38,000 mcf, or 17.6%.

Average natural gas prices received were approximately $4.85 per mcf in the second quarter of 2013 as compared to approximately $3.27 per mcf during the same period in 2012, an increase of approximately $1.58 or 48.3%. This increase in natural gas prices is the primary reason for the overall increase in natural gas revenues between the periods.

Oil sales for the second quarter of 2013 were approximately $2,665,000 compared to approximately $1,601,000 for the same period of 2012, an increase of approximately $1,064,000 or 66.46%. Oil volumes recorded for the second quarter of 2013 were approximately 24,700 bbls compared to approximately 14,600 bbls during the same period of 2012, an increase of 10,100 bbl or 69.17%. The Company recorded a one-time payment of approximately $725,000 of oil revenue from non-operated properties during the second quarter of 2012. These revenues covered production periods through the end of the second quarter 2012. Oil volumes recorded related to this one-time payment, were approximately 6,700 bbls.

Average oil prices received were approximately $107.89 per bbl in the second quarter of 2013 compared to $104.75 per bbl during the same period of 2012, an increase of approximately $3.14 per bbl, or 3.0%.

Revenue from lease operations for the second quarter of 2013 was approximately $96,000 compared to approximately $105,000 for the second quarter of 2012, a decrease of $9,000 or 8.6%.

Revenue from gas gathering, compression and equipment rental for the second quarter of 2013 was approximately $35,000, compared to approximately $41,000, a decrease of approximately $6,000 or 14.6% for the same period in 2012.

Real estate income was approximately $64,000 during the second quarter of 2013 compared to $62,000 for the same time period of 2012, an increase of approximately $2,000, or 3.2%.

Interest income for the second quarter of 2013 was approximately $24,000 as compared with approximately $20,000 for the same period in 2012, an increase of approximately $4,000 or 20.0%.

Other income for second quarter of 2013 was approximately $16,000 as compared with approximately $497,000 for the same period in 2012, a decrease of approximately $481,000. This change is due to the decrease in cash received for farm-out agreements in the second quarter of 2013 compared to those received in the same period in 2012. 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 second quarter of 2013 were $609,000 as compared to $647,000 for the same period in 2012, a net decrease of approximately $38,000, or 5.9%. This net decrease is due primarily to fewer workover costs between the two periods.

Production taxes, gathering, transportation and marketing expenses for the second quarter of 2013 were approximately $337,000 as compared to $200,000 during the second quarter of 2012, a net increase of approximately $137,000 or 68.5%. This increase is due primarily to the increased production of crude oil between the periods.

Pipeline and rental operations for the second quarter of 2013 were $13,000 compared to $6,000 for the same time period in 2012. This is due to an increase in repairs and chemicals needed to maintain the equipment.

Real estate expenses during the second quarter 2013 were approximately $39,000 compared to approximately $34,000 for the same period in 2012, an increase of approximately $5,000 or 14.7%.

Depreciation, depletion, and amortization for the second quarter of 2013 was $457,000 as compared to $380,000 for the same period in 2012, an increase of $77,000, or 20.3%. $438,000 of the amount for the second quarter of 2013 was for amortization of the full cost pool of capitalized costs compared to $351,000 for the second quarter of 2012, an increase of $87,000 or 24.8%. The Company re-evaluated its proved oil and natural gas reserve quantities as of December 31, 2012. This re-evaluated reserve base was adjusted for the first six months as of June 30, 2013 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 2.951% for the first quarter of 2013 and a depletion rate of 3.510% for the second quarter of 2013 was calculated and applied to the Company's full cost pool of capitalized oil and natural gas properties compared to a total depletion rate of 5.378% for the first six months of 2012.

Asset Retirement Obligation ("ARO") expense for the second quarter of 2013 was approximately $10,000 as compared to approximately $9,000 for the same time period in 2012, an increase of approximately $1,000.

General and administrative costs for the second quarter of 2013 were $768,000 compared to $772,000 for the same period in 2012, a decrease of approximately $4,000 or 0.5%.

Interest expense was approximately $7,000 for the second quarter of 2013 compared to approximately $7,000 for the same period in 2012.

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, 2013 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

Texas Panhandle

Effective April 1, 2013, the Company acquired operations and 100% working interest with an 80.521% net revenue interest in the Eula Clay 30-1 well. The well was producing 27 mcfgpd and 0.5 bopd as of the effective date from perforations at a depth of 8,398-8,410’ in the Hefley Clay (Granite Wash) Field.

Alabama

During the first quarter of 2013, the Company participated for a 1.4599% working interest with a 1.09495% net revenue interest in the drilling of the Cedar Creek Land and Timber 32-9 #1 well, a sidetrack wellbore from the Bull 32-10 #1 well located in Conecuh County, Alabama. The well was drilled to a depth of 12,197’ and cased. The well was perforated in the Upper and Lower Smackover Formation at a depth of 11,880-12,046’. The well was acidized with 5,000 gals of 15% HCL and placed into production on 6/28/2013. The well flowed 403 bo, 461 mcf and no water during the first 24 hrs.

West Texas

During the first quarter of 2013, the Company elected to participate for a 4.6875% non-operated working interest and a 3.28125% net revenue interest in the drilling of the Miles #30 well in the Fuhrman-Mascho field in Andrews County, Texas. The well was spudded on February 15, 2013, and reached a total depth of 4,912 ft. The well was perforated in the San Andres Formation from 4,494 ft. to 4,654 ft. and was fractured on 3/6/2013. The well had an initial potential of 81 bopd, 35 mcfgpd, and 56 bswpd

Effective March 5, 2013, the Company assumed operations of the Miller #1 well located in the Noodle, NW (Canyon SD 4000) field in Jones County, Texas. The Company owns a 6.25% working interest, and a 4.9375% net revenue interest in this well. The Miller #1 well produces approximately 15 bopd from Canyon Sands at a depth of 3,952-85'.

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

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 14, 2013	By:/s/ Chris G. Mazzini Chris G. Mazzini President, Principal Executive Officer
Date: August 14, 2013	By:/s/ Michelle H. Mazzini Michelle H. Mazzini Vice President, Secretary
Date: August 14, 2013	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

(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: August 14, 2013

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

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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: August 14, 2013

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

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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, 2013 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 14, 2013

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

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