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SPINDLETOP OIL & GAS CO  
Form 10-Q  
November 17, 2006

FORM 10-Q

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2006

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)

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 an accelerated filer (as  
defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an  
accelerated filer or a non-accelerated filer. See definition of accelerated  
filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-  
accelerated filer

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  
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

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APPLICABLE ONLY TO CORPORATE ISSUERS:

As of November 17, 2006, there were 7,595,803 shares of the Company's common stock outstanding.

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SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES

FORM 10-Q

For the quarter ended September 30, 2006

Index to Consolidated Financial Statements and Schedules

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Part I - Financial Information

Item 1. - Financial Statements

SPINDLETOP OIL & GAS CO. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

As of  
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	September 30 2006 (Unaudited)	December 31 2005
	-----	-----
ASSETS		
Current Assets		
Cash	\$ 6,743,000	\$ 5,508,000
Accounts receivable, trade	780,000	1,228,000
Prepaid income tax	70,000	-
	-----	-----
Total Current Assets	7,593,000	6,736,000
	-----	-----
Property and Equipment, at cost		
Oil and gas properties (full cost method)	7,484,000	6,819,000
Rental equipment	399,000	399,000
Gas gathering systems	145,000	145,000
Other property and equipment	141,000	157,000
	-----	-----
	8,169,000	7,520,000
Accumulated depreciation and amortization	(5,340,000)	(4,807,000)
	-----	-----
Total Property and Equipment, net	2,829,000	2,713,000
	-----	-----
Real Estate Property, at cost		
Land	688,000	688,000
Commercial office building	1,502,000	1,298,000
Accumulated depreciation	(90,000)	(49,000)
	-----	-----
Total Real Estate Property, net	2,100,000	1,937,000
	-----	-----
Other Assets	-	1,000
	-----	-----
Total Assets	\$12,522,000	\$11,387,000
	=====	=====

The accompanying notes are an integral part of these statements.

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

	As of	
	September 30 2006 (Unaudited)	December 31 2005
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable, current portion	\$ 120,000	\$ 120,000
Accounts payable and accrued liabilities	1,976,000	1,943,000
Income tax payable	-	20,000

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Tax savings benefit payable	97,000	97,000
	-----	-----
Total current liabilities	2,193,000	2,180,000
	-----	-----
Non-Current Liabilities		
Notes payable, long-term portion	1,350,000	1,440,000
Asset retirement obligation	239,000	239,000
	-----	-----
	1,589,000	1,679,000
	-----	-----
Deferred income tax payable	1,066,000	794,000
	-----	-----
Shareholders' Equity		
Common stock, \$.01 par value; 100,000,000 Shares authorized; 7,677,471 shares issued and 7,595,803 outstanding at September 30, 2006 and 7,585,803 outstanding at December 31, 2005	77,000	77,000
Additional paid-in capital	850,000	831,000
Treasury Stock; 81,668 shares at September 30, 2006 and 91,668 at December 31, 2005	(40,000)	(42,000)
Retained earnings	6,787,000	5,868,000
	-----	-----
Total Shareholders' Equity	7,674,000	6,734,000
	-----	-----
Total Liabilities and Shareholders' Equity	\$12,522,000	\$11,387,000
	=====	=====

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Revenues				
Oil and gas revenue	\$ 3,993,000	\$ 3,725,000	\$ 1,407,000	\$ 1,275,000
Revenue from lease operations	100,000	93,000	30,000	28,000
Gas gathering, compression and Equipment rental	102,000	130,000	50,000	44,000
Real estate rental income	299,000	217,000	128,000	76,000
Interest income	195,000	86,000	80,000	31,000
Other	88,000	23,000	1,000	11,000
	-----	-----	-----	-----
Total revenue	4,777,000	4,274,000	1,696,000	1,465,000
	-----	-----	-----	-----
Expenses				

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Lease operations	1,463,000	985,000	570,000	420,000
Pipeline and rental operations	38,000	24,000	7,000	2,000
Real estate operations	204,000	285,000	93,000	163,000
Depreciation, depletion and amortization	581,000	467,000	190,000	164,000
General and administrative	979,000	792,000	349,000	262,000
Interest expense	71,000	80,000	24,000	26,000
	-----	-----	-----	-----
Total Expenses	3,336,000	2,633,000	1,233,000	1,037,000
	-----	-----	-----	-----
Income Before Income Tax	1,441,000	1,641,000	463,000	428,000
	-----	-----	-----	-----
Current tax provision	250,000	325,000	115,000	76,000
Deferred tax provision	272,000	134,000	20,000	39,000
	-----	-----	-----	-----
	522,000	459,000	135,000	115,000
	-----	-----	-----	-----
Net Income	\$ 919,000	\$ 1,182,000	\$ 328,000	\$ 313,000
	=====	=====	=====	=====
Earnings per Share of Common Stock				
Basic	\$ 0.12	0.16	\$ 0.04	\$ 0.04
	=====	=====	=====	=====
Diluted	\$ 0.12	0.16	\$ 0.04	\$ 0.04
	=====	=====	=====	=====
Weighted Average Shares Outstanding	7,588,037	7,569,173	7,592,433	7,575,803
	=====	=====	=====	=====
Diluted Shares Outstanding	7,588,037	7,569,173	7,592,433	7,575,803
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,	
	2006	2005
	-----	-----
Cash Flows from Operating Activities		
Net Income	\$ 919,000	\$ 1,182,000
Reconciliation of net income to net cash provided by Operating Activities		
Depreciation, depletion and amortization	581,000	467,000
Employee compensation paid with Treasury Stock	21,000	29,000
Changes in accounts receivable, trade	448,000	(117,000)
Changes in prepaid income taxes	(70,000)	190,000
Changes in accounts payable	33,000	(299,000)
Changes in current taxes payable	(20,000)	135,000
Changes in deferred tax payable	272,000	134,000
Other	1,000	-
	-----	-----
Net cash provided by operating Activities	2,185,000	1,721,000
	-----	-----

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Cash flows from Investing Activities		
Capitalized acquisition, exploration and development costs	(665,000)	(674,000)
Proceeds from sale of other property and equipment	9,000	-
Purchase of other property and equipment	-	(8,000)
Capitalized tenant improvements and broker fees	(204,000)	-
	-----	-----
Net cash used for Investing Activities	(860,000)	(682,000)
	-----	-----
Cash Flows from Financing Activities		
Decrease in notes payable	(90,000)	(180,000)
	-----	-----
Net cash used for Financing Activities	(90,000)	(180,000)
	-----	-----
Increase in cash	1,235,000	859,000
Cash at beginning of period	5,508,000	4,352,000
	-----	-----
Cash at end of period	\$ 6,743,000	\$ 5,211,000
	=====	=====
Interest Paid in Cash	\$ 71,000	\$ 80,000
	=====	=====

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, 2005 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.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rental income for long-term leases is recognized on a straight-line basis over the respective term of the lease.

### 3. RECENT ACCOUNTING DEVELOPMENTS

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 04-2, "Whether Mineral Rights are Tangible or Intangible Assets and Related Issues" (previously addressed as Issue 03-0), that mineral rights should be considered tangible assets for accounting purposes and should be separately disclosed in the financial statements or footnotes. The EITF acknowledged that this consensus requires an amendment to Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" to remove mineral rights as an example of an intangible asset. The Financial Accounting Standards Board ("FASB") has issued FASB Staff Position Nos. FAS 141-1 and FAS 142-1, that amend SFAS Nos. 141 and 142, respectively, to characterize mineral rights as tangible assets. The EITF is still considering whether oil and gas drilling rights are subject to the classification and disclosure provisions of SFAS No. 142 if they are determined to be intangible

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assets. There has been no resolution of this issue as described in EITF Issue No. 03-S, "Application of SFAS No. 142, Goodwill and Other Intangible Assets, to Oil and Gas Companies."

The Company classifies the cost of oil and gas mineral rights as property and equipment and believes this is consistent with oil and gas accounting and industry practice. Although it appears unlikely based on the consensus reached in EITF Issue No. 04-2, if the EITF were to determine that under EITF Issue No.03-S oil and gas mineral rights are intangible assets and are subject to the applicable classification and disclosure provisions of SFAS No.142, certain costs would need to be reclassified from property and equipment to intangible assets on its consolidated balance sheets. These amounts would represent oil and gas mineral rights. In addition, the disclosures required by SFAS Nos. 141 and 142 would be made in the notes to the consolidated financial statements. There would be no effect on the consolidated statements of income or cash flows as the intangible assets related to oil and gas mineral rights would continue to be amortized under the full cost method of accounting.

### 4. COMMON STOCK

Effective August 15, 2006, the Company issued 10,000 shares of restricted common stock to a key employee pursuant to an employment package. The shares were valued at \$2.10 per share, a 60% discount from the believed market value for free trading shares at the time of issue of \$5.25 per share. The discount was determined based in part on the fact that the shares were restricted and could not be sold or traded for at least one year from date of issue. The amount was expensed as general and administrative expense. The shares of common stock were issued out of Treasury Stock and reduced the amount of the Company's common stock held in Treasury from 91,668 to 81,668 shares. This transaction was recorded in accordance with FAS 123-R that became effective January 1, 2006.

### 5. EARNINGS PER SHARE

Earnings per share ("EPS") are calculated in accordance with Statement of



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Financial Accounting Standards No. 128, Earnings per Share (SFAS 128), which was adopted in 1997 for all years presented. Basic EPS is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. All calculations have been adjusted for the effects of the stock splits and mergers. The adoption of SFAS 128 had no effect on previously reported EPS. Diluted EPS is computed based on the weighted number of shares outstanding, plus the additional common shares that would have been issued had the options outstanding been exercised.

### 6. REVENUE ACCRUAL

Recorded in oil and gas revenue during the nine months ended September 30, 2006, are approximately \$92,000 of gas sales produced from two East Texas gas wells, which apply to production from periods prior to 2006. These amounts were not recorded in the prior periods to which they applied as the Company was in a contract dispute with the purchasers of the condensate and gas over

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the price the Company was paid. It was determined at the time not to record the amounts in dispute as they were considered immaterial to the consolidated financial statements for the periods to which they applied, and in management's opinion did not cause any prior period consolidated financial statements to be materially misstated.

### 7. RELATED PARTY TRANSACTIONS

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

### 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

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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.

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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, 2005 (the "Form 10-K").

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

Nine months ended September 30, 2006 compared to nine months ended September 30, 2005

Total oil and gas revenues reported for the first nine months ended September 30, 2006 were \$3,993,000 while total oil and gas revenues reported for the same period in 2005 were \$3,725,000, an increase of 7%.

Oil sales for the first nine months of 2006 were \$1,085,000 compared to \$822,000 for the same period in 2005, an increase of approximately \$263,000 or 32%. Average oil prices for production sold in the first nine months of 2006 was \$64.30 per barrel compared to \$50.82 per bbl for the first nine months of 2005 an increase of 27%.

Gas sales in the first nine months of 2006 were \$2,908,000; however, this amount includes approximately \$92,000 of gas sales from two East Texas gas wells covering periods prior to 2006 as discussed in Note 6 to the consolidated financial statements. After taking this into consideration, gas sales in the first nine months of 2006 were \$2,816,000 compared to \$2,903,000 for the same period in 2005, a decrease of approximately \$87,000, or 3%. The decrease is due to a decrease in production due primarily to several gas wells being shut down for a period of time which required repair work to get them back on line

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and a decrease in initial production levels from the Olex U.S. #4 and #5 wells. Most of the workovers occurred during the second quarter of 2006. Average gas prices for production sold in the first nine months of 2006 was \$6.60 per Mcf compared to \$5.77 per Mcf in 2005, an increase of 14%.

In 2006, the cost of lease operations for the nine months ended September 30, 2006 increased by \$478,000 over the same period in 2005 an increase of 49%.

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The increase was due to an increase in remedial repair work on older wells and also reflects the substantial cost increases seen across the board in oilfield equipment and services.

Depreciation and amortization increased during the nine months ended September 30, 2006 over that of the same period in 2005. This increase is due to the increase in the full cost pot from capitalized exploration and development costs.

General and administrative costs for the nine months of 2006 increased \$187,000 or 24% over the same period in 2005 due the addition of some full-time employees, contractors, consultants and the rising cost of technical employees. Cost of the new employees, contractors, consultants and associated benefits were included in the first nine months of 2006, but not in the first nine months of 2005.

Interest expense decreased as the note payable for the purchase of the office building was decreased.

Three months ended September 30, 2006 compared to three months ended September 30, 2005

Total oil and gas revenues reported for the three months ended September 30, 2006 were \$1,407,000 while total oil and gas revenues reported for the same period in 2005 were \$1,275,000, an increase of 10%.

Oil and condensate sales for the third quarter of 2006 were \$364,000 compared to \$305,000 for the same period in 2005, an increase of approximately \$59,000 or 19%. Average oil/condensate prices for production sold in the third quarter of 2006 was \$67.63 per barrel compared to \$57.48 per bbl for the three months ended September 30, 2005, an increase of 18%.

Gas sales for the third quarter of 2006 were \$1,043,000 compared to \$970,000 for the same period in 2005, an increase of approximately \$73,000 or 8%. The increase in gas sales was attributed to a combination of increased production which was offset by a decrease in the average gas sales price between the two periods. Average gas prices for production sold in the third quarter of 2006 was \$6.22 per Mcf compared to \$6.56 per Mcf in 2005 a decrease of 5%.

In 2006, the cost of lease operations for the three months ended September 30, 2006 increased by \$150,000 over the same period in 2005. The increase was due to an increase in remedial repair work on older wells and also reflects the substantial cost increases seen across the board in oilfield equipment and services.

Depreciation and amortization during the third quarter of 2006 increased over that of the same period in 2005. This increase is due primarily to the increased full cost pot from capitalized exploration and development costs.

General and administrative costs for the third quarter of 2006 increased \$87,000 or 33% over the same period in 2005 due the addition of some full-time

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employees, contractors, consultants and the rising cost of technical employees.

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Interest expense decreased as the note payable for the purchase of the office building was decreased.

### 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, the Company 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 Officer, was conducted of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon the evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures are effective at September 30, 2006 in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) which is required to be included in the Company's periodic SEC filings.

(b) There have been no changes in the Company's internal controls over financial reporting during the quarter ended September 30, 2006 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

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### Part II - Other Information

#### Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds

During the period, the following securities of the Registrant, which were not registered under the Securities Act, were sold or otherwise issued:

Effective August 15, 2006, the Company issued 10,000 shares of restricted common stock to a key employee pursuant to an employment package. The shares were valued at \$2.10 per share, a 60% discount from the believed market value for free trading shares at the time of issue of \$5.25 per share. The discount was determined based in part on the fact that the shares were restricted and could not be sold or traded for at least one year from date of issue. The amount was expensed as general and administrative expense. The shares of common stock were issued out of Treasury Stock and reduced the amount of the Company's common stock held in Treasury from 91,668 to 81,668 shares.

The Company does not have any Board of Directors approved repurchase program and has not purchased any securities issued by the Company during the period covered by this report.

#### Item 5. - Other Information

None

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#### Item 6. - Exhibits

The following exhibits are filed herewith or incorporated by reference as

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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

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\* filed herewith

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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.

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(Registrant)

Date: November 17, 2006

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

Date: November 17, 2006

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

Date: November 17, 2006

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

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Exhibit 31.1

CERTIFICATION

I, Chris G. Mazzini, certify that:

1. I have reviewed this quarterly 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

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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

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

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: November 17, 2006



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

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Exhibit 31.2

CERTIFICATION

I, Robert E. Corbin, certify that:

1. I have reviewed this quarterly 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

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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

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

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: November 17, 2006

/s/ Robert E. Corbin  
ROBERT E. CORBIN  
Controller, Principal Financial Officer

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Exhibit 32.1

Officers' Section 1350 Certifications

The undersigned officer of Spindletop Oil & Gas Co., a Texas corporation (the "Company"), hereby certifies that (i) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (ii) the information contained in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 fairly presents, in all material respects, the financial condition and results of operations of the Company, at and for the periods indicated.

Dated: November 17, 2006

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

/s/ Robert E. Corbin  
ROBERT E. CORBIN  
Controller, Principal Financial Officer

