

PYRAMID OIL CO
Form 10-Q
November 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 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 September 30, 2011

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 001-32989

PYRAMID OIL COMPANY
(Exact Name of registrant as specified in its charter)

CALIFORNIA
(State of other jurisdiction of
incorporation or organization)

94-0787340
(I.R.S. Employer
Identification No.)

2008 – 21st. Street. P.O. Box 832, Bakersfield, California
(Address of principal executive offices)

93302
(Zip Code)

Registrant's telephone number: (661) 325-1000

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 registrant 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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or 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.

Large accelerated filer Accelerated Filer
Non-accelerated filer Smaller reporting company

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

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

(Class)	(Outstanding at November 11, 2011)
Common Stock Without Par Value	4,683,853

PYRAMID OIL COMPANY

FORM 10-Q
September 30, 2011

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PYRAMID OIL COMPANY

BALANCE SHEETS

ASSETS

	September 30 2011 (Unaudited)	December 31 2010 (Audited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,267,006	\$ 1,535,532
Short-term investments	3,190,618	3,058,528
Trade accounts receivable (net of reserve for doubtful accounts of \$4,000 in 2011 and 2010)	532,333	508,457
Joint interest billing receivable	10,776	—
Income taxes receivable	9,498	—
Crude oil inventory	96,697	86,361
Prepaid expenses and other assets	92,661	230,876
Deferred Income taxes	262,500	245,100
TOTAL CURRENT ASSETS	6,462,089	5,664,854
PROPERTY AND EQUIPMENT, at cost:		
Oil and gas properties and equipment (successful efforts method)	19,110,614	18,101,529
Capitalized asset retirement costs	401,242	389,463
Drilling and operating equipment	1,956,371	1,946,805
Land, buildings and improvements	1,073,918	1,066,571
Automotive, office and other property and equipment	1,180,042	1,182,613
	23,722,187	22,686,981
Less - accumulated depletion, depreciation, amortization and valuation allowances	(19,928,176)	(18,687,908)
TOTAL PROPERTY AND EQUIPMENT	3,794,011	3,999,073
OTHER ASSETS		
Deferred income taxes	842,600	708,500
Deposits	250,000	250,000
Other assets	17,380	7,380
TOTAL OTHER ASSETS	1,109,980	965,880
TOTAL ASSETS	\$ 11,366,080	\$ 10,629,807

The accompanying notes are an integral part of these balance sheets.

PYRAMID OIL COMPANY

BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30 2011 (Unaudited)	December 31 2010 (Audited)
CURRENT LIABILITIES:		
Accounts payable	\$ 48,651	\$ 73,374
Accrued professional fees	123,045	122,506
Accrued taxes, other than income taxes	32,143	63,361
Accrued payroll and related costs	77,416	60,365
Accrued royalties payable	203,983	193,052
Accrued insurance	—	86,888
Accrued income taxes	—	12,800
Current maturities of long-term debt	32,015	13,473
TOTAL CURRENT LIABILITIES	517,253	625,819
Long-term debt, net of current maturities	38,541	26,946
LIABILITY FOR ASSET RETIREMENT OBLIGATIONS	1,273,765	1,235,193
TOTAL LIABILITES	1,829,559	1,887,958
COMMITMENTS AND CONTINGENCIES (Note 4)		
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value Authorized - 10,000,000 shares Issued and outstanding - none	—	—
Common stock, no par value (Note 6, 7 and 9) Authorized - 50,000,000 shares Issued and outstanding - 4,683,853 shares	1,682,971	1,639,228
Retained earnings	7,853,550	7,102,621
TOTAL SHAREHOLDERS' EQUITY	9,536,521	8,741,849
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY	\$ 11,366,080	\$ 10,629,807

The accompanying notes are an integral part of these balance sheets.

PYRAMID OIL COMPANY
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended, September 30,	
	2011	2010
REVENUES:		
Oil and gas sales	\$1,412,342	\$1,099,464
Gain on sale of fixed assets	500	320,556
	1,412,842	1,420,020
COSTS AND EXPENSES:		
Operating expenses	421,405	386,897
General and administrative	222,583	195,838
Stock based compensation	—	113,500
Taxes, other than income and payroll taxes	37,399	39,654
Provision for depletion, depreciation, and amortization	184,208	151,855
Valuation allowances	673,000	—
Accretion expense	5,229	6,664
Other costs and expenses	31,280	26,403
	1,575,104	920,811
OPERATING INCOME (LOSS)	(162,262)	499,209
OTHER INCOME (EXPENSE):		
Interest income	12,193	13,521
Other income	—	3,600
Interest expense	(568)	(30)
	11,625	17,091
INCOME (LOSS) BEFORE INCOME TAX PROVISION (BENEFIT)	(150,637)	516,300
Income tax provision (benefit)		
Current	52,700	47,200
Deferred	(207,600)	75,300
	(154,900)	122,500
NET INCOME	\$4,263	\$393,800
BASIC INCOME PER COMMON SHARE	\$0.00	\$0.08
DILUTED INCOME PER COMMON SHARE	\$0.00	\$0.08
Weighted average number of common shares outstanding	4,683,853	4,677,728
Diluted average number of common shares outstanding	4,685,177	4,720,014

The accompanying notes are an integral part of these statements.

PYRAMID OIL COMPANY
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine months ended, September 30,	
	2011	2010
REVENUES:		
Oil and gas sales	\$4,287,669	\$3,329,594
Gain on sales of fixed assets	1,512	320,556
	4,289,181	3,650,150
COSTS AND EXPENSES:		
Operating expenses	1,282,950	1,165,209
General and administrative	666,375	653,793
Stock based compensation	43,743	113,500
Taxes, other than income and payroll taxes	101,358	97,313
Provision for depletion, depreciation, and amortization	595,631	498,115
Valuation allowances	727,384	867,468
Accretion expense	26,793	18,775
Other costs and expenses	118,964	90,946
	3,563,198	3,505,119
OPERATING INCOME	725,983	145,031
OTHER INCOME (EXPENSE):		
Interest income	38,704	29,904
Other income	500	9,997
Interest expense	(2,459)	(333)
	36,745	39,568
INCOME BEFORE INCOME TAX PROVISION (BENEFIT)	762,728	184,599
Income tax provision (benefit)		
Current	163,300	92,100
Deferred	(151,500)	(180,100)
	11,800	(88,000)
		