

PYRAMID OIL CO
Form 10-Q
August 14, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 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, 2012

.. 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.)

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2008 – 2nd Street, P.O. Box 832, Bakersfield, California 93302
(Address of principal executive offices) (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

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 August 14, 2012) |
|---------------------------------------|----------------------------------|
| Common Stock Without Par Value | 4,683,853 |

PYRAMID OIL COMPANY

FORM 10-Q

June 30, 2012

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PYRAMID OIL COMPANY

BALANCE SHEETS

ASSETS

| | June 30, 2012 (Unaudited) | December 31, 2011 (Audited) |
|---|---------------------------------|--------------------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$3,213,023 | \$2,762,676 |
| Short-term investments | 2,132,644 | 2,128,380 |
| Trade accounts receivable (net of reserve for doubtful accounts of \$4,000 in 2012 and 2011) | 358,945 | 549,476 |
| Joint interest billing receivable | 3,235 | 6,019 |
| Income taxes receivable | 23,669 | 21,169 |
| Crude oil inventory | 116,168 | 118,156 |
| Prepaid expenses and other assets | 113,352 | 255,846 |
| Deferred Income taxes | 262,500 | 262,500 |
| TOTAL CURRENT ASSETS | 6,223,536 | 6,104,222 |
| PROPERTY AND EQUIPMENT, at cost: | | |
| Oil and gas properties and equipment (successful efforts method) | 19,847,970 | 19,124,558 |
| Capitalized asset retirement costs | 409,338 | 401,242 |
| Drilling and operating equipment | 1,966,750 | 1,956,371 |
| Land, buildings and improvements | 1,073,918 | 1,073,918 |

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| | | |
|--|---------------------|---------------------|
| Automotive, office and other property and equipment | 1,228,147 | 1,192,118 |
| | 24,526,123 | 23,748,207 |
| Less - accumulated depletion, depreciation, amortization and valuation allowances | (20,459,549) | (20,091,655) |
| TOTAL PROPERTY AND EQUIPMENT | 4,066,574 | 3,656,552 |
| INVESTMENTS AND OTHER ASSETS | | |
| Long-term investments | 1,086,311 | 1,071,984 |
| Deferred income taxes | 680,700 | 781,600 |
| Deposits | 250,000 | 250,000 |
| Other assets | 17,380 | 17,380 |
| TOTAL INVESTMENTS OTHER ASSETS | 2,034,391 | 2,120,964 |
| TOTAL ASSETS | \$12,324,501 | \$11,881,738 |

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

PYRAMID OIL COMPANY**BALANCE SHEETS****LIABILITIES AND SHAREHOLDERS' EQUITY**

| | June 30, 2012 (Unaudited) | December 31, 2011 (Audited) |
|---|---------------------------------|--------------------------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$98,430 | \$88,494 |
| Accrued professional fees | 100,834 | 142,990 |
| Accrued taxes, other than income taxes | 0 | 77,471 |
| Accrued payroll and related costs | 51,968 | 51,252 |
| Accrued royalties payable | 189,753 | 224,810 |
| Accrued insurance | 13,928 | 82,428 |
| Current maturities of long-term debt | 22,330 | 32,285 |
| TOTAL CURRENT LIABILITIES | 477,243 | 699,730 |
| Long-term debt, net of current maturities | 0 | 22,330 |
| LIABILITY FOR ASSET RETIREMENT OBLIGATIONS | 1,305,802 | 1,278,889 |
| TOTAL LIABILITIES | 1,783,045 | 2,000,949 |
| COMMITMENTS AND CONTINGENCIES (Note 4) | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, no par value | | |
| Authorized - 10,000,000 shares | | |
| Issued and outstanding - none | 0 | 0 |
| Common stock, no par value (Note 6, 8 and 10) | | |
| Authorized - 50,000,000 shares | | |
| Issued and outstanding - 4,683,853 shares | 1,682,971 | 1,682,971 |
| Retained earnings | 8,858,485 | 8,197,818 |
| TOTAL SHAREHOLDERS' EQUITY | 10,541,456 | 9,880,789 |

TOTAL LIABILITES AND SHAREHOLDERS' EQUITY \$12,324,501 \$11,881,738

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

PYRAMID OIL COMPANY

STATEMENTS OF OPERATIONS

(UNAUDITED)

| | Three months ended | |
|--|--------------------|--------------|
| | June 30, | |
| | 2012 | 2011 |
| REVENUES: | | |
| Oil and gas sales | \$ 1,340,314 | \$ 1,549,029 |
| COSTS AND EXPENSES: | | |
| Operating expenses | 459,798 | 447,889 |
| General and administrative | 228,878 | 219,072 |
| Stock based compensation | 0 | 43,743 |
| Taxes, other than income and payroll taxes | 36,960 | 27,104 |
| Provision for depletion, depreciation, and amortization | 186,738 | 225,895 |
| Valuation allowances | 0 | 5,851 |
| Accretion expense | 5,730 | 5,229 |
| Other costs and expenses | 54,669 | 62,197 |
| | 972,773 | 1,036,980 |
| OPERATING INCOME | 367,541 | 512,049 |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 10,170 | 13,159 |
| Other income | 250 | 0 |
| Interest expense | (290) | (385) |
| | 10,130 | 12,774 |
| INCOME BEFORE INCOME TAX PROVISION | 377,671 | 524,823 |
| Income tax provision | | |
| Current | 34,600 | 64,400 |
| Deferred | 54,500 | 33,400 |
| | 89,100 | 97,800 |
| NET INCOME | \$ 288,571 | \$ 427,023 |
| BASIC INCOME PER COMMON SHARE | \$ 0.06 | \$ 0.09 |
| DILUTED INCOME PER COMMON SHARE | \$ 0.06 | \$ 0.09 |

| | | |
|---|-----------|-----------|
| Weighted average number of common shares outstanding | 4,683,853 | 4,683,853 |
| Diluted average number of common shares outstanding | 4,686,827 | 4,725,992 |

The accompanying notes are an integral part of these statements.

PYRAMID OIL COMPANY**STATEMENTS OF OPERATIONS****(UNAUDITED)**

| | Six months ended June | |
|--|-----------------------|-------------|
| | 30, | |
| | 2012 | 2011 |
| REVENUES: | | |
| Oil and gas sales | \$2,709,372 | \$2,876,339 |
| COSTS AND EXPENSES: | | |
| Operating expenses | 889,739 | 861,545 |
| General and administrative | 439,894 | 443,792 |
| Stock based compensation | 0 | 43,743 |
| Taxes, other than income and payroll taxes | 84,381 | 63,959 |
| Provision for depletion, depreciation, and amortization | 367,894 | 411,423 |
| Valuation allowances | 0 | 54,384 |
| Accretion expense | 18,817 | 21,564 |
| Other costs and expenses | 84,474 | 87,684 |
| | 1,885,199 | 1,988,094 |
| OPERATING INCOME | 824,173 | 888,245 |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 20,860 | 26,511 |
| Other income | 250 | 500 |
| Interest expense | (716) | (1,891) |
| | 20,394 | |