

CHAPARRAL RESOURCES INC

Form 10-Q/A

June 20, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form 10-Q/A
(Amendment No. 1)**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2006.
- OR**
- 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: 0-7261

CHAPARRAL RESOURCES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

84-0630863
*(I.R.S. Employer
Identification No.)*

**2 Gannett Drive, Suite 418
White Plains, New York 10604**
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (866) 559-3822

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large 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

As of May 11, 2006 the Registrant had 38,209,502 shares of its common stock, par value \$0.0001 per share, issued and outstanding.

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Explanatory Note

This Amendment No. 1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which was filed with the Securities and Exchange Commission on May 11, 2006 (the Original 10-Q), is being filed to amend note 9 of Item 1 *Financial Statements* of Part I to reflect additional information and Item 6 *Exhibits* of Part II of the Original 10-Q to add CEO and CFO certifications conforming to Item 601(b)(31) of Regulation M-A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. This Amendment No. 1 speaks as of the date of the Original 10-Q and we have not updated the disclosures contained herein to reflect events that have occurred since the filing of the Original 10-Q. Accordingly, this Amendment No. 1 should be read in conjunction with our Original 10-Q and our other filings made with the Securities and Exchange Commission subsequent to the filing of the Original 10-Q.

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In August 2004, the Company approved a two-year agreement with Nelson to provide corporate administrative services and financial advisory services (the Service Agreement) to support its business activities. The Service Agreement is effective as of June 1, 2004 and can be terminated upon 30 days written notice by either party. In consideration for these services Nelson will receive a fixed monthly fee of \$20,000 for administrative services and \$25,000 for financial advisory services (the Management Fee). As part of the Service Agreement, Nelson is also required to provide personnel to cover Chaparral s executive and managerial needs. The cost of executive and managerial personnel will be allocated on the basis of the cost of personnel involved and on the percentage of time actually spent by such personnel on matters related to Chaparral, as mutually agreed by the parties from time to time. In addition, Nelson will use its greater buying power to obtain more favorable rates for goods and services, including insurance coverage, for Chaparral. These expenditures will be passed to Chaparral at cost with a ten percent mark-up. This agreement was acquired by Caspian upon its merger with Nelson in December 2005. For the three months to March 31, 2006, the Company has booked \$137,562 for the Management Fee, the executive and managerial cost, insurance coverage and the mark-up under the Service Agreement.

In June 2004, KKM entered into a three year agency agreement with Nelson (the Marketing Agreement), whereby Nelson becomes the duly authorized, exclusive agent for the purpose of marketing crude oil, and is empowered to represent the interests of KKM in relations with governmental authorities and commercial organizations and also enter into contracts and agreements and any other documents necessary for and related to the marketing of crude oil. The Marketing Agreement is effective as of June 1, 2004 and can be terminated upon 90 days written notice by either party. As consideration for the services provided under the Marketing Agreement, KKM shall pay Nelson a fixed fee of \$20,000 per month and a variable fee of five US cents per barrel of total production in a reporting calendar month, if the amount of supplies to the local market in that month is more than 10% of the total amount of production, or eight US cents per barrel of total production in a reporting calendar month, if the amount of supplies to the local market in that month is less than 10% of the total amount of production (the Marketing Fee). This agreement was acquired by Caspian upon its merger with Nelson in December 2005. For the period ending March 31, 2006, \$119,637 was accrued under the Marketing Agreement.

The Company considers the Service Agreement and the Marketing Agreement to have been negotiated at prices better than those available in arms-length transactions but has no such comparable contracts with non-affiliates.

The total amounts of the transactions with related companies for the three months ended March 31, 2006 and 2005 are as follows:

	2006	2005
	\$000	\$000
Nelson		326
Caspian	257	

Nelson was merged into Caspian on December 5, 2005.

Accounts payable balance to affiliates as of March 31, 2006 and December 31, 2005 are as follows:

2006	2005
-------------	-------------

	\$000	\$000
Nelson		237
Caspian	244	
	244	237

Nelson was merged into Caspian on December 5, 2005.

The loan with Caspian is disclosed in Note 6.

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Item 6 Exhibits

- *31.1 CEO Certification Pursuant to Item 601(b)(31) of Regulation M-A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *31.2 CFO Certification Pursuant to Item 601(b)(31) of Regulation M-A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

* 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.

Dated: June 09, 2006

Chaparral Resources, Inc.

By: /s/ Boris Zilbermints
Boris Zilbermints
Chief Executive Officer

By: /s/ Charles Talbot
Charles Talbot
VP Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)

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