

Edgar Filing: BASIC ENERGY INC - Form 10QSB

BASIC ENERGY INC
Form 10QSB
November 26, 2002

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Quarter Ended
September 30, 2002

Commission File Number
0-27849

BASIC ENERGY, INC.

(Exact name of registrant as specified in its charter)

UTAH

(State or other jurisdiction of incorporation or organization)

00001748413

(I.R.S. Employer Identification No.)

3771 South State Street

Salt Lake City, Utah 84115

(Address of principal executive offices)

(801) 262-8429

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

None

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.

X Yes No

State the number of shares outstanding of each of the registrants classes of common equity, as of the latest practicable date.

Common stock, par value \$0.10; 8,131,226 shares outstanding
as of September 30, 2002

PART I - FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

BASIC ENERGY, INC. (A Development Stage Company)

Financial Statements
September 30, 2002

BASIC ENERGY, INC. (A Development Stage Company) Balance Sheets

	September 30, 2002 ----- (Unaudited)	June 30, 2002 -----
ASSETS		
Current Assets -----		
Cash	\$ 894	\$ 1,694
Total Assets	\$ 894 =====	\$ 1,694 =====
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities -----		
Accounts Payable	\$ 36,279	\$ 14,324
Due to Officers	14,688	22,452
Total Current Liabilities	50,967 -----	36,776 -----
Stockholders' Equity		
Common Stock, 20,000,000 Shares Authorized at \$0.10 Par Value; 8,131,226 and 7,339,030 Shares Issued and Outstanding Respectively	813,122	733,903
Paid In Capital	42,741	42,741
Deficit Accumulated During the Development Stage	(905,936)	(811,726)
Total Stockholders' Equity	(50,073) -----	(35,082) -----
Total Liabilities & Stockholders' Equity	\$ 894 =====	\$ 1,694 =====

The accompanying notes are an integral part of these financial statements.

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BASIC ENERGY, INC. (A Development Stage Company) Statement of Operations (Unaudited)

	For the Three Months Ended		For the Period
	-----		June 4, 1926
	September	September	(Inception)
	30, 2002	30, 2001	to September
	-----	-----	-----
REVENUE	\$ --	\$ --	\$ --
EXPENSES			
General & Administrative	14,269	31,381	845,936
Loss on Mining Claims	--	--	60,000
	-----	-----	-----
Total Expenses	14,269	31,381	905,936
	-----	-----	-----
Income (Loss)			
From Operations	(14,269)	(31,381)	(905,936)
OTHER INCOME (EXPENSES)			
Interest Expense	--	--	--
	-----	-----	-----
Total Other Income			
(Expenses)	--	--	--
	-----	-----	-----
Income (Loss)			
Before Taxes	(14,269)	(31,381)	(905,936)
Taxes	--	--	--
	-----	-----	-----
Net Income (Loss)	\$ (14,269)	\$ (31,381)	\$ (905,936)
	=====	=====	=====
Loss Per			
Common Share	\$ (0.00)	\$ (0.00)	
Weighted Average			
Outstanding Shares	8,131,226	7,348,024	

The accompanying notes are an integral part of these financial statements.

BASIC ENERGY, INC. (A Development Stage Company) Statements of Cash Flows (Unaudited)

For the Period

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	For the Three Months Ended		June 4, 1926
	September 30,	September 30,	(Inception) to
	2002	2001	September 30,
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	\$ (14,269)	\$ (31,381)	\$ (905,936)
Adjustments to Reconcile Net Loss to			
Cash Used by Operating Activities;			
Non Cash	13,888	--	822,387
Loss on Mining Claim	--	--	60,000
Increase (Decrease) in Accounts Payable	381	10,860	29,701
Increase (Decrease) Due to Officers	--	18,921	(31,084)
	-----	-----	-----
Cash Used from Operating Activities	--	(1,600)	(24,932)
CASH FLOWS FROM INVESTING ACTIVITIES			
	--	--	--
	-----	-----	-----
Cash Provided from Investing Activities	--	--	--
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Proceeds from Sale of Common Stock	--	--	25,826
	-----	-----	-----
Cash Provided from Financing Activities	--	--	25,826
	-----	-----	-----
Increase (Decrease) in Cash	--	(1,600)	894
Cash at Beginning of Period	894	1,694	--
	-----	-----	-----
Cash at End of Period	\$ 894	\$ 94	\$ 894
	=====	=====	=====
DISCLOSURES FOR OPERATING ACTIVITIES			
Interest	\$ --	\$ --	\$ --
Taxes	--	--	--

The accompanying notes are an integral part of these financial statements.

Basic Energy, Inc. (A Development Stage Company) Notes to Financial Statements

NOTE #1 - Organization

The Company was organized on June 4, 1926 under the laws of the state of Utah using the name of M.M. Lead Company. On February 22, 1980 a Certificate of Amendment was filed with the state of Utah changing the name to Basic Energy, Inc. The Company has been dormant for many years and is considered to be a development stage company.

NOTE #2 - Significant Accounting Policies

A. The Company uses the accrual method of accounting.

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- B. Revenues and directly related expenses are recognized in the period when the goods are shipped to the customer.
- C. The Company considers all short term, highly liquid investments that are readily convertible, within three months, to known amounts as cash equivalents. The Company currently has no cash equivalents.
- D. Primary Earnings Per Share amounts are based on the weighted average number of shares outstanding at the dates of the financial statements. Fully Diluted Earnings Per Shares shall be shown on stock options and other convertible issues that may be exercised within ten years of the financial statement dates.
- E. Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE #3 - Stockholders' Equity - Common Stock

Upon Incorporation the Company had 1,000,000 shares of common stock authorized with a par value of \$0.10 per share. On February 28, 1979 the Articles of Incorporation were changed authorizing 20,000,000 shares with a par value of \$0.10 per share.

The Company issued 600,000 shares of its common stock to acquire mining claims in 1926. In 1937, the Company wrote the claims off as having no value.

The shares issued in 1926 were assessable, and in 1937 the 600,000 shares were assessed at \$.001 per share, 423,780 shares did not pay the assessment and were canceled.

During the year ended June 30, 2002, the Company issued 792,196 shares to officers and directors for services and out of pocket expenses. The shares were issued at \$0.10 per share.

NOTE #4 - Going Concern

The Company has had recurring operating losses since inception and is dependent upon financing to continue operations. These factors indicate that the Company may be unable to continue in existence. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue its existence. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is the intent of the Company to find additional capital funding and/or a profitable business venture to acquire or merge.

NOTE #5 - Subsequent Events

On October 5, 2002, the Company issued 138,875 shares of common stock to officers and directors of the Company as full payment for services and out of pocket expenses incurred during the quarter.

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ITEM 2. PLAN OF OPERATIONS

Safe Harbor Statement

This Form 10-QSB contains certain forward-looking statements. For this purpose any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors.

Plan of Operations

The Company has little cash and has experienced losses. As of September 30, 2002, the Company had \$ 894 cash on hand. As of that date the Company had \$49,224 in outstanding liabilities. The Company has no material commitments for capital expenditures for the next twelve months.

As of the date of this report, the Company has yet to generate positive cash flow. The Company has financed its operations primarily through the sale of common stock.

The Company believes that its current cash needs can be met either through the sale of additional stock or through loans. Should the Company obtain a business opportunity, however, it may be necessary to raise additional capital. This may be accomplished by selling common stock of the Company.

Management of the Company intends to actively seek business opportunities for the Company during the next twelve months.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

No instruments defining the rights of the holders of any class of registered securities have been materially modified, limited or qualified.

On January 23, 2002, the Company issued 198,178 shares of its restricted common stock to its officers and directors for services rendered to the Company during the quarter ended December 31, 2001. The number of shares received by each such individual was based on a compensation rate of \$40.00 per hour for services rendered and \$0.31 per mile as compensation for mileage. The shares issued were valued at \$.10 per share. Shares issued were issued as follows:

	Number of Shares	Value of Services
	-----	-----
Jay W. Gibson	138,115	\$13,811.50
Ron Burnett	9,948	994.80
Karl Seljass	12,076	1,207.60
Joyce Sigler	8,219	821.90
Joe Graubard	29,820	2,982.00

The Company made no public offers or sale of these securities. All of the shares listed above were issued pursuant to an exemption from registration set forth in Section 4(2) of the Securities Act of 1933. No cash was received by the

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Company.

Also on January 23, 2002, the Company issued 1,500 restricted common shares to Carriage Motor Company as payment for rents due at a rate of \$50.00 per month for the preceding three months. The Company made no public offers or sales of these securities. The shares were issued pursuant to an exemption from registration provided by Section 4(2) of the '33 Act. No cash was received by the Company. Mr. Burnett is the owner of Carriage Motor Company and may be deemed to be the beneficial owner of these shares.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(A) Reports on Form 8-K

No reports on Form 8-K were filed or required to be filed during the quarter ended September 30, 2002.

(B) Exhibits.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this to be signed on its behalf by the undersigned thereunto duly authorized.

Basic Energy, Inc.

November 25, 2002

/s/ Jay W. Gibson

Jay W. Gibson
Chairman of the Board and President

November 25, 2002

/s/ Joseph M. Graubard

Joseph M. Graubard
Treasurer and Director

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

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SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay W. Gibson, certify that:

1. I have reviewed this annual report on Form 10-QSB of Basic Energy, Inc.
2. Based on my knowledge, this annual 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 annual report.
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: November 25, 2002

/s/ Jay W. Gibson

Jay W. Gibson
President and Chairman
of the Board
(principal executive officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph M. Graubard, certify that:

1. I have reviewed this annual report on Form 10-QSB of Basic Energy, Inc.
2. Based on my knowledge, this annual 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 annual report.
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: November 25, 2002

/s/ Joseph M. Graubard

Joseph M. Graubard
Treasurer
(principal financial officer)