

Conquest Petroleum Inc
Form 10-Q/A
November 16, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A
(Amendment No. 1)

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

For the quarterly period ended: June 30, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: to

Commission File No.: 000-53093

Conquest Petroleum Incorporated
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction
of incorporation or organization)

20-0650828
(I.R.S. Employer Identification No.)

29400 Pitkin Road, Suite 308
Spring, Texas 77386
www.maximtep.com

(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code: (281) 466-1530

Former Name and Address

Maxim TEP, Inc.

9400 Grogan's Mill Road, Suite 205
The Woodlands, TX 77380

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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer
(Do not check if a smaller reporting
company)

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

The number of shares of the registrant's common stock outstanding as of April 15, 2009: 130,159,869 shares.
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, par value \$0.00001 per share	OTCBB

Securities registered pursuant to Section 12(g) of the Act: None

The Company was not publicly trading at the end of the quarter ended June 30, 2008 and therefore no aggregate market value of the voting and non-voting common equity held by non-affiliates could be determined.

The number of shares of the registrant's common stock outstanding as of July 20, 2009: 168,414,561 shares.

CONQUEST PETROLEUM INCORPORATED

Form 10-Q
For the Quarterly Period Ended June 30, 2009
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements Unaudited

CONQUEST PETROLEUM INCORPORATED

Consolidated Balance Sheets
(unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ 67,502
Accounts receivable	58,995	163,745
Other receivable	50,307	64,633
Prepaid expenses and other current assets	105,275	21,044
Total current assets	214,577	316,924
Oil and natural gas properties (successful efforts method of accounting):		
Proved	8,214,663	8,170,937
Unproved	1,070,371	1,125,919
	9,285,034	9,296,856
Less accumulated depletion, depreciation and amortization	(2,010,280)	(1,829,365)
Oil and natural gas properties, net	7,274,754	7,467,491
Property and equipment:		
Land	112,961	112,961
Buildings	215,445	215,445
Leasehold improvements	244,025	244,025
Office equipment and computers	82,340	82,337
Furniture and fixtures	22,939	211,581
Field service vehicles and equipment	738,898	729,743
Drilling equipment	140,101	174,082
Total property and equipment	1,556,709	1,770,174
Less accumulated depreciation	(436,453)	(474,744)
Property and equipment, net	1,120,256	1,295,430
Other assets	617,013	489,176
Restricted cash	29	250,170
Total assets	\$ 9,226,629	\$ 9,819,191

See accompanying notes to consolidated financial statements

CONQUEST PETROLEUM INCORPORATED

Consolidated Balance Sheets (Continued)
(unaudited)

	June 30, 2009	December 31, 2008
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 3,063,360	\$ 3,276,126
Interest payable	753,293	605,934
Accrued payroll and related taxes and benefits	1,751,626	1,691,711
Accrued liabilities	1,039,995	1,039,995
Production payment payable, current	6,912,370	3,607,570
Current maturity of notes payable, net of discount	850,675	689,518
Current maturities of convertible notes payable, related parties, net of discount	853,041	803,350
Total current liabilities	15,224,360	11,714,204
Production payment payable	-	2,834,520
Deferred revenue	60,000	65,000
Asset retirement obligation	1,907,801	1,840,641
Total liabilities	17,192,161	16,454,365
Stockholders' deficit:		
Preferred stock, \$0.00001 par value; 50,000,000 shares authorized; 5,454,545 and 5,454,545 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	55	55
Common stock, \$0.00001 par value; 250,000,000 shares authorized; 136,414,561 and 127,859,869 shares issued and 135,984,958 and 127,430,266 shares outstanding at June 30, 2009 and December 31, 2008, respectively	1,364	1,278
Stock payable	1,080,630	1,436,880
Additional paid-in capital	95,936,722	87,522,430
Accumulated deficit	(104,662,100)	(95,273,614)
Treasury stock, at cost (429,603 and 429,603 shares at June 30, 2009 and December 31, 2008, respectively)	(322,203)	(322,203)
Total stockholders' deficit	(7,965,532)	(6,635,174)
Total liabilities and stockholders' deficit	\$ 9,226,629	\$ 9,819,191

See accompanying notes to consolidated financial statements

CONQUEST PETROLEUM INCORPORATED

Consolidated Statements of Operations
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30	
	2009	2008	2009	2008
Revenues:				
Oil and natural gas revenues	\$ 187,663	\$ 546,255	\$ 374,889	\$ 947,060
License fees, royalties and related services	9,000	7,192	9,000	34,692
Total revenues	196,663	553,447	383,889	981,752
Cost and expenses:				
Production and lease operating expenses	116,939	190,554	394,639	438,414
Drilling operating expenses	-	-	-	3,741
Depletion, depreciation and amortization	118,973	456,869	258,825	917,861
Revenue sharing royalties	-	17,782	-	40,227
Accretion of asset retirement obligation	30,697	22,987	67,160	47,028
General and administrative expenses	6,328,578	4,674,891	8,634,257	9,041,349
Total cost and expenses	6,595,187	5,363,083	9,354,881	10,488,620
Loss from operations	(6,398,524)	(4,809,636)	(8,970,992)	(9,506,868)
Other income (expense):				
Interest expense, net	(406,951)	(196,049)	(686,840)	(1,780,557)
Gain on transfer of assets		78,282		78,282
Gain/Loss on sale of assets	266,346		266,346	
Other miscellaneous income (expense), net	(33,460)	-	3,000	163,528
Total other income (expense), net	(174,065)	(117,767)	(417,494)	(1,538,747)
Net loss before discontinued operations	(6,572,589)	(4,927,403)	(9,388,486)	(11,045,615)
Gain (loss) from discontinued operations	-	23,487,207	-	22,042,660
Net (loss) income	\$(6,572,589)	\$ 18,559,804	\$(9,388,486)	\$ 10,997,045
Loss per common share for continuing operations				
Basic and diluted	\$(0.05)	\$(0.05)	\$(0.07)	\$(0.11)
Net income per common share for discontinued operations				
Basic and diluted	\$-	\$ 0.23	\$-	\$ 0.22
Weighted average common shares outstanding:				
Basic and diluted	134,565,075	101,950,115	132,287,901	101,950,115

See accompanying notes to consolidated financial statements

CONQUEST PETROLEUM INCORPORATED

Consolidated Statements of Stockholders' Deficit (unaudited)
For the Six Months Ended June 30, 2009

	Preferred Stock		Common Stock		Additional	Stock Payable	Accumulated Deficit
	Shares	Amount	Shares	Amount	Capital		
Balance at December 31, 2008	5,454,545	\$55	127,859,869	\$1,278	\$87,522,430	\$1,436,880	\$(95,273,614)
Common stock issued for services, nonemployee			4,599,692	46	3,449,722		-
Common stock issued to employees for services	-	-	4,005,000	40	3,003,710	-	-
Common stock options granted to employees for services	-	-	-	-	66,605	-	-
Expenses and payables paid by shareholder					1,856,250	(356,250)	
Common stock warrants granted for services	-	-	-	-	38,005	-	-
Net loss	-	-	-	-	-	-	(9,388,486)
Balance at June 30, 2009	5,454,545	\$55	136,464,561	\$1,364	\$95,936,722	\$1,080,630	\$(104,662,100)

See accompanying notes to consolidated financial statements

CONQUEST PETROLEUM INCORPORATED

Consolidated Statements of Cash Flows (unaudited)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$(9,388,486)	\$10,997,045
Net income from discontinued operations	-	22,042,660
Net loss from continuing operations	(9,388,486)	(11,045,615)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used) in operating activities		
Depletion, depreciation and amortization	258,825	917,861
Accretion of asset retirement obligation	67,160	47,028
Gain on disposal of assets	(290,000)	(78,282)
Loss on sale of fixed assets	23,654	-
Expenses paid for by shareholders	1,500,000	-
Amortization of debt discount	80,848	