TRI VALLEY CORP
Form 10QSB/A
December 14, 2001

As filed with the SEC on December 14, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/A

Amendment No. 1 to Form 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001 — Commission File No. 0-6119

Tri-Valley Corporation

(Exact name of registrant as specified in its charter)

Delaware	84-0617433
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5555 Business Park South, Suite 200, Bakersfield, California 93309

(Address of principal executive offices)

(661) 864-0500

(Registrant's telephone number, including area code)

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 [X] No [ ]

The number of shares of Registrant's common stock outstanding at March 31, 2001 was 19,664,748.

TRI-VALLEY CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

TRI-VALLEY CORPORATION

CONSOLIDATED BALANCE SHEETS

ASSETS

		March 31, 2001 (Unaudited)	Dec. 31, 2000 (Audited)
Current Assets			
	Cash	$ 995,718	$1,373,570
	Accounts receivable, trade	623,653	813,611
	A/R Related Parties	3,776	4,750
	Prepaid expenses	12,029	12,029
	Total Current Assets	1,635,176	2,203,960
Property and Equipment, Net		1,433,491	1,306,689
Other Assets			
	Deposits	100,105	100,105
	Note Receivable	125,000	125,000
	Acquisition Costs	51,270	51,270
	Investments in partnerships	29,059	29,059
	Other	13,914	13,914
	Well Database (net of accumulated amortization of $46,546 at March 31, 2001 and $44,788 at December 31, 2000	62,104	63,862
	Goodwill (net of accumulated amortization of $213,305 at March 31, 2001 and $210,593 at December 31, 2000	220,548	223,260

Total Other Assets	602,000	606,470
Total Assets	$3,670,667	$4,117,119

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

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LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2001	Dec. 31, 2000
CURRENT LIABILITIES		
Notes and contracts payable	$ 10,554	$ 10,672
Trade accounts payable	202,548	581,017
Amounts payable to joint venture participants	504,677	540,142
Advances from joint venture participants	2,185,830	2,517,737
Total Current Liabilities	2,903,609	3,649,568
Long-term Portion of Notes and Contracts Payable	9,790	12,038
Commitments		

Shareholders' Equity		
Common stock, $.001 par value: 50,000,000 shares authorized; 19,664,748 and 19,554,748 issued and outstanding at March 31, 2001 and Dec. 31, 2000, respectively	19,655	19,555
Less: Common stock in treasury, at cost, 163,925 shares	(21,913)	(21,913)
Capital in excess of par value	8,716,089	8,666,688
Accumulated deficit	(7,956,563)	(8,208,817)
Total Shareholders' Equity	757,268	455,513
Total Liabilities and Shareholders' Equity	$ 3,670,667	$ 4,117,119

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

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TRI-VALLEY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

		For the Three Months Ended March 31,	
		2001	2000
Revenues			
	Sale of oil and gas	$ 729,114	$ 134,180
	Other income	9,436	356,545
	Interest income	11,260	15,331
	Total Revenues	749,810	506,056
Cost and Expenses			
	Oil and gas lease expense	95,626	23,801
	Mining exploration expense	33,796	35,424
	Ekho geology, geophysics, Land & administration	16,138	14,173
	Sunrise geology, geophysics, Land & administration	81,833	111,470
	Depletion, depreciation and amortization	16,101	19,861
	Interest	2,321	2,669
	General and administrative	251,741	281,249
	Total Cost and Expenses	497,556	488,647

Net Income	$ 252,254	$ 17,409
Net Income per Common Share	$.01	$ .00
Weighted Average Number of Shares	19,661,081	19,335,915

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

TRI-VALLEY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

For the Three Months

Ended March 31,

	2001	2000
Cash Flows from Operating Activities		
Net income	$ 252,254	$ 17,409
Adjustments to reconcile net income to net cash used from operating activities:		
Depreciation, depletion and amortization	16,101	19,861
Changes in operating capital:		
Amounts receivable	190,932	(24,043)
Deposits	-0-	(105)
Trade accounts payable	(378,587)	665,791
Amounts payable to joint venture participants and related parties	(35,465)	35,071
Advances from joint venture participants	(331,907)	(1,599,224)
Net Cash Used by Operating Activities	(286,672)	(885,240)
Cash Flows from Investing Activities		
Capital expenditures	(138,433)	(40,806)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(2,248)	(2,168)
Proceeds from issuance of common stock	49,501	82,960
Net Cash Provided by Financing Activities	47,253	80,792
Net Increase in Cash and Cash Equivalents	(377,852)	(845,254)

Cash and Cash Equivalents at Beginning Of Period	1,373,570	8,050,469
Cash and Cash Equivalents at End of Period	$ 995,718	$7,205,215
Supplemental Information:		
Cash paid for interest	$2,321	$2,669
Cash paid for taxes	$ -0-	$5,958

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

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TRI-VALLEY CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2001 AND 2000

(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods. The results of operations for the three month period ended March 31, 2001, are not necessarily indicative of the results to be expected for the full year.

The accompanying consolidated financial statements do not include footnotes and certain financial presentations normally required under generally accepted accounting principles; and, therefore, should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

NOTE 2 - PER SHARE COMPUTATIONS

Per share computations are based upon the weighted average number of common shares outstanding during each year. Common stock equivalents are not included in the computations since their effect would be anti-dilutive.

NOTE 3 - NEW PRONOUNCEMENTS

In June 2001, the FASB issued Statement No. 143, Accounting for Asset Retirement Obligations. Statement No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This statement amends FASB Statement No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies. Tri-Valley will adopt the provisions of Statement No. 143 effective September 1, 2002. Management has not determined the impact of adopting Statement No. 143.

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In August 2001, the FASB issued Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. This statement retains the fundamental provisions of Statement No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used, and measurement of long-lived assets to be disposed of by sale. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years, with early application encouraged. Management has not determined the method, timing or impact of adopting Statement No. 144.

Item 2. Management Discussion and Analysis of Financial Condition and Results

of Operations

Business Review

Notice Regarding Forward-Looking Statements

This report contains forward-looking statements. The words, "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "could," "may," "foresee," and similar expressions are intended to identify forward-looking statements. These statements include information regarding expected development of the Company's business, lending activities, relationship with customers, and development in the oil and gas industry. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, believed, estimated or otherwise indicated.

Petroleum Activities

We drilled the Ekho No. 1 well in the fiscal year 2000. However we encountered "tight" sands that require artificial fracturing of the oil-bearing zones to enable the well to be completed as a commercial well. All but one of our Canadian partners were financially unable to continue with this project and unfortunately were forced to withdraw. Consequently, we are in the process of attracting new partners to participate in completing this project.

We drilled the Sunrise-Mayel No. 1 in December of 2000 and during the first quarter of 2001 we hydraulically fractured, 'frac-ed', a lower zone in the well. We were not satisfied with those results and in April we fractured another zone and are analyzing that data. Additionally during the first quarter of 2001 we reworked the Hanson 3 and 4 to increase production.

Currently we are in the process of permitting for the drilling of a well in our Sonata prospect. The actual date of drilling will depend on the time it takes to get a permit and contract a drilling rig. We are not able to contract the drilling rig until the permit is issued. It has generally been taking 60 days for this permitting process.

Precious Metals

There was no exploration activity on our Alaska project in the first quarter. Again this season, as in years past, a team of Russian scientists from TsNIGRI, the Russian Mineral Institute, will be performing field research activities under our joint scientific research agreement.

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Three Months Ended March 31, 2001 as compared with Three Months ended March 31, 2000

The Company had revenues of $749,810 for the three months ended March 31, 2001 an increase of $506,056 (207%), over revenues of $243,754 for the three months ended March 31, 2000. For the first quarter of 2001, the Company recorded a net profit of $252,254 compared to a profit of $17,409 in the first quarter of 2000. The increase in revenues and profits for the first three months of 2001 resulted from increased natural gas prices paid for our production in Northern California. The Company received $729,114 from oil and gas sales in the first quarter of 2001, an increase of $594,934 (443%) over oil and gas sales of $134,180 in the first quarter of 2000. In the first quarter of 2000, we sold interest in a prospect to third parties, therefore our "other income", in 2000 was greater than the comparable period in 2001.

Costs and expenses were $497,556 for the quarter ended March 31, 2001, compared to $488,647 for the same period for 2000. This increase was due in part to expenses incurred for the two Hanson wells being reworked. The Sunrise GGL&A costs were $81,833 for the quarter ended March 31, 2001 due to lease renewals. In the same quarter in 2000 related costs of $111,470 were recognized as costs related to the sale of the Sunrise-Mayel prospect.

General and Administrative costs decreased $29,500 for this quarter compared to the same quarter in 2000. This decrease was due to reduced legal expenses.

Capital Resources and Liquidity

At March 31, 2001, we had current assets totaling $1,635,176 and current liabilities totaling $2,903,609. This was a decrease of current assets of $568,784 from December 31, 2000. This decrease was from expenses incurred and paid related to the drilling of the Sunrise Mayel #1.

Operating Activities. For the three months ended March 31, 2001, cash provided by operating activities is a deficit of $286,672 compared to a deficit of $885,240 at March 31, 2000. This was due to operations related to Sunrise-Mayel No. 1.

Financing Activities. For the three months ended March 31, 2001, we received $49,501 (net of selling expenses) from selling its common stock in private transactions.

Investing Activities. For the three months ended March 31, 20001 we spent $138, 433 to lease oil and gas acreage for prospect generation and to enable the to put drilling programs together. We expect to recoup these amounts as the drilling prospects are sold.

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PART II - OTHER INFORMATION

Item 2. Changes in Securities

During the first quarter of 2001, we issued 110,000 shares of our common stock to 3 individuals in private transactions pursuant to the exemption contained in Section 4(2) of the Securities Act of 1933, for aggregate consideration of $50,000. The shares sold are restricted securities which bear a legend restricting transfer of the shares unless registered or sold under an exemption from registration requirements under the Securities Act.

Item 6. Exhibits and Reports on Form 8-k

- Exhibits

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirement 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.

TRI-VALLEY CORPORATION

December 13, 2001	F. Lynn Blystone
	F. Lynn Blystone
	President and Chief Executive Officer
December 13, 2001	Thomas J. Cunningham
	Thomas J. Cunningham
	Secretary, Treasurer, Chief Financial Officer