

HOUSTON AMERICAN ENERGY CORP
Form 10-Q
May 13, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2014

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 1-32955

HOUSTON AMERICAN ENERGY CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 76-0675953 (IRS Employer Identification No.)

801 Travis Street, Suite 1425, Houston, Texas 77002
(Address of principal executive offices)(Zip Code)

(713) 222-6966
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for 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. See definition 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 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

As of May 1, 2014, we had 52,169,945 shares of \$0.001 par value Common Stock outstanding.

HOUSTON AMERICAN ENERGY CORP.

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PART I - FINANCIAL INFORMATION

ITEM 1 Financial Statements

HOUSTON AMERICAN ENERGY CORP.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2014	December 31, 2013
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$7,499,468	\$7,578,730
Escrow receivable	355,355	1,921,217
Prepaid expenses and other current assets	438,415	46,175
TOTAL CURRENT ASSETS	8,293,238	9,546,122
PROPERTY AND EQUIPMENT		
Oil and gas properties – full cost method		
Costs subject to amortization	50,320,591	50,320,591
Costs not being amortized	4,746,488	3,802,042
Office equipment	90,004	90,004
Total property, plant and equipment	55,157,083	54,212,637
Accumulated depreciation, depletion, amortization and impairment	(50,356,549)	(50,349,833)
TOTAL PROPERTY AND EQUIPMENT, NET	4,800,534	3,862,804
Other assets	3,167	3,167
TOTAL ASSETS	\$13,096,939	\$13,412,093
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$15,550	\$8,119
Accrued expenses	13,971	31,336
Taxes payable	190,181	190,181
TOTAL CURRENT LIABILITIES	219,702	229,636
LONG-TERM LIABILITIES		
Reserve for plugging and abandonment costs	8,562	8,424
TOTAL LIABILITIES	228,264	238,060
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 52,169,945 shares issued and outstanding	52,170	52,170
Additional paid-in capital	65,707,056	65,477,046
Accumulated deficit	(52,890,551)	(52,355,183)
TOTAL SHAREHOLDERS' EQUITY	12,868,675	13,174,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$13,096,939	\$13,412,093

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

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HOUSTON AMERICAN ENERGY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	Three Months Ended March 31, 2014	2013
OIL AND GAS REVENUE	\$ 106,023	\$ 15,032
EXPENSES OF OPERATIONS		
Lease operating expense and severance tax	26,903	8,570
General and administrative expense	608,509	872,648
Depreciation and depletion	6,716	5,030
Total operating expenses	642,128	800,223
Gain on sale of oil and gas property	—	(86,025)
Loss from operations	(536,105)	(785,191)
OTHER INCOME (EXPENSE)		
Interest income	1,473	1,806
Other expense	—	(19,138)
Total other income (expense)	1,473	(17,332)
Net loss before taxes	(534,632)	(802,523)
Income tax expense	736	3,652
Net loss	\$ (535,368)	\$ (806,175)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)
Based and diluted weighted average number of common shares outstanding	52,169,945	52,180,045

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

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HOUSTON AMERICAN ENERGY CORP.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
 (Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(535,368)	\$(806,175)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and depletion	6,716	5,030
Stock-based compensation	230,010	353,338
Accretion of asset retirement obligation		