

Edgar Filing: BASIC ENERGY INC - Form 10QSB

BASIC ENERGY INC
Form 10QSB
May 09, 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
March 31, 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; 7,952,443 shares outstanding
as of March 31, 2002

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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Basic Energy, Inc.
(A Development Stage Company)

Financial Statements
March 31, 2002
Basic Energy, Inc.
(A Development Stage Company)
Balance Sheets

| | March 31, 2002 | June 30, 2001 |
|---|-------------------|------------------|
| | ----- | ----- |
| | (Unaudited) | |
| Assets | | |
| Current Assets | | |
| ----- | | |
| Cash | \$ 894 | \$ 1,694 |
| | ----- | ----- |
| Total Current Assets | \$ 894 | \$ 1,694 |
| | ===== | ===== |
| Liabilities & Stockholders' Equity | | |
| Current Liabilities | | |
| ----- | | |
| Accounts Payable | \$ 30,707 | \$ 14,324 |
| Due to Officers | 18,517 | 22,452 |
| | ----- | ----- |
| Total Current Liabilities | 49,224 | 36,776 |
| Stockholders' Equity | | |
| ----- | | |
| Common Stock, 20,000,000 Shares Authorized at \$0.10 Par Value; 7,952,443 & 7,339,030 Shares Issued & Outstanding Respectively | 795,244 | 733,903 |
| Paid In Capital | 42,741 | 42,741 |
| Deficit Accumulated During the Development Stage | (886,315) | (811,726) |
| | ----- | ----- |
| Total Stockholders' Equity | (48,330) | (35,082) |
| | ----- | ----- |
| Total Liabilities & Stockholders' Equity | \$ 894 | \$ 1,694 |
| | ===== | ===== |

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

Basic Energy, Inc.
(A Development Stage Company)
Statements of Operations
Unaudited

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| | For the Three Months Ended | | For the Nine Months Ended | |
|--|-------------------------------|-------------------|------------------------------|-------------------|
| | March 31, 2002 | March 31, 2001 | March 31, 2002 | March 31, 2001 |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| <hr/> | | | | |
| Expenses | | | | |
| <hr/> | | | | |
| General & Administrative Expense | 17,878 | 16,664 | 57,768 | 46,018 |
| Professional Fees | 1,820 | - | 16,821 | 12,709 |
| <hr/> | | | | |
| Total Expenses | 19,698 | 16,664 | 74,589 | 58,727 |
| Net Loss | \$ (19,698) | \$ (16,664) | \$ (74,589) | \$ (58,727) |
| <hr/> | | | | |
| Basic & Diluted Loss Per Share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.00) |
| Weighted Average Shares Outstanding | 7,752,765 | 7,200,500 | 7,615,357 | 7,200,500 |

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 Nine Months Ended | |
|---|---------------------------|-------------------|
| | March 31, 2002 | March 31, 2001 |
| Cash Flows from Operating Activities | | |
| <hr/> | | |
| Net Loss | \$ (74,589) | \$ (58,727) |
| Adjustment to Reconcile Net Loss to Net Cash Used by Operating Activities; | | |
| Shares Issued for Services | 61,341 | 39,243 |
| (Increase) in Accounts Payable | 16,383 | 31,608 |
| (Increase) in Due to Officers | (3,935) | (12,124) |
| <hr/> | | |
| Net Cash Used by Operating Activities | (800) | - |
| Cash Flows from Investing Activities | - | - |
| <hr/> | | |
| Cash Flows from Financing Activities | - | - |
| <hr/> | | |

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| | | |
|-------------------------------------|--------|-------|
| Increase in Cash & Cash Equivalents | (800) | - |
| Cash at Beginning of Period | 1,694 | - |
| Cash at End of Period | \$ 894 | \$ - |
| | ===== | ===== |

Disclosures from 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.
- 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

During the nine months ended March 31, 2002, the Company issued 613,413 shares of common stock at \$.10 per share for services and out of pocket expense to its officers and directors.

NOTE #4 - Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring operating losses for the past several years and is dependent upon financing to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is

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management's plan to find an operating company to merge with, thus creating necessary operating revenue.

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 March 31, 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 |

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| | | |
|--------------|--------|----------|
| 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 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 March 31, 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.

May 7, 2002

/s/ Jay W. Gibson

Jay W. Gibson

Chairman of the Board and President

May 7, 2002

/s/ Joseph M. Graubard

Joseph M. Graubard
Treasurer and Director

