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RED BUTTE ENERGY INC
Form 10QSB
August 19, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2002

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

For the transition period from To

Commission file number 0-27737

Red Butte Energy, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada

77-0454856

(State or other jurisdiction of
Incorporation or organization)

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

700 Ioco Road, Coquitlam, B.C., Canada V6B 2Z6

(Address of principal executive offices)

(604) 461-4946

(Issuer's telephone number)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of
common equity, as of the latest practical date: June 30, 2002 2,050,000

Transitional Small Business Disclosure Format (check one). Yes ; No X

PART I

ITEM 1. FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S REPORT

Red Butte Energy, Inc.
(A Development Stage Company)

We have reviewed the accompanying balance sheets of Red Butte Energy,
Inc. (A Development Stage Company) as of June 30, 2002 and December 31, 2001,

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and the related statements of operations for the three and six months ended June 30, 2002 and 2001, and cash flows for the six months ended June 30, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

Respectfully submitted

\s\ Robison, Hill & Co.

Certified Public Accountants

Salt Lake City, Utah
August 19, 2002

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
BALANCE SHEETS
(Unaudited)

	June 30, 2002	December 31, 2001
	-----	-----
Assets:		
Cash and cash equivalents	\$ 519	\$ 2,086
Accounts receivable	-	-
Prepaid expenses	-	-
	-----	-----
Total Current Assets	519	2,086
	-----	-----
Property and Equipment:		
Computer equipment	4,664	4,664
Furniture and equipment	417	417
Software	-	-
	-----	-----
	5,081	5,081
Less accumulated depreciation	(4,085)	(3,265)
	-----	-----
Net Property and Equipment	996	1,816
	-----	-----

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Total Assets	\$	1,515	\$	3,902
		=====		=====
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued liabilities	\$	21,864	\$	17,399
Short term notes payable		-		-
		-----		-----
Total current liabilities		21,864		17,399
Due to shareholders		245,521		244,036
		-----		-----
Total liabilities		267,385		261,435
		-----		-----
Stockholders' Equity:				
Common Stock, Par value \$.001, Authorized 100,000,000 shares, Issued 2,050,000 shares				
at June 30, 2002 and December 31, 2001		2,050		2,050
Paid-In Capital		18,162		18,162
Retained Deficit		(273,432)		(273,432)
Deficit Accumulated During the Development Stage		(12,650)		(4,313)
Foreign Currency Translation Adjustment		-		-
		-----		-----
Total Stockholders' Equity		(265,870)		(257,533)
		-----		-----
Total Liabilities and Stockholders' Equity	\$	1,515	\$	3,902
		=====		=====

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

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six June	
	2002	2001	2002	
	-----	-----	-----	-----
Revenues	\$	-	\$	-
Expenses:				
General and Administrative		7,897	-	8,337
		-----		-----
Total Expenses		7,897	-	8,337

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Discontinued Operations:			
Income (Loss) from			
Discontinued Operations	-	-	-
Net Loss	\$ (7,897)	\$ -	\$ (8,337)
Basic & Diluted loss per share	\$ -	\$ -	\$ -

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

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,		Cumulative Since December 1, 2001 Inception of Development
	2002	2001	Stage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss for the period	\$ (8,337)	\$ (3,355)	\$ (12,650)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	820	1,253	1,138
Changes in Operating Assets and Liabilities			
(Increase) decrease in accounts receivable	-	(8,555)	-
(Increase) decrease in prepaid expenses	-	57	-
Increase (Decrease) in Accounts Payable	4,465	2,087	4,465
Net Cash Used in operating activities	(3,052)	(8,513)	(7,047)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	-	-	-
Net cash provided by investing activities	-	-	-

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CASH FLOWS FROM FINANCING

ACTIVITIES:

Increase in amounts due shareholders	-	1,485	8,099	6,825
Payment of short term notes payable		-	-	-
Issuance of Stock for accounts payable		-	-	-
Net Cash Provided by Financing Activities		1,485	8,099	6,825
Net (Decrease) Increase in Cash and Cash Equivalents		(1,567)	(414)	(222)
Cash and Cash Equivalents at Beginning of Period		2,086	(55)	741
Cash and Cash Equivalents at End of Period	\$	519\$	(469)\$	519

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(Continued)

	For the Six Months Ended June 30,		Cumulative Since December 1, 2001 Inception of Development Stage
	2002	2001	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$	- \$	- \$	-
Franchise and income taxes	\$	- \$	- \$	-

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING

ACTIVITIES: None

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

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RED BUTTE ENERGY, INC.
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NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for at least one year and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions and events cast doubt about the Company's ability to continue as a "going concern". The Company has incurred net losses of approximately \$286,000 for the period from April 7, 1997 (inception) to June 30, 2002, has a liquidity problem, and requires additional financing in order to finance its business activities on an ongoing basis. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained.

The Company's ability to survive will depend on numerous factors including, but not limited to, the Company's receiving continued financial support, completing public equity financing, or generating profitable operations in the future.

These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a "going concern". While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

If the Company were unable to continue as a "going concern", then substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported revenues and expenses, and the balance sheet classifications used.

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies for Red Butte Energy, Inc. (formerly eSportbike.com, Inc.) is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The unaudited financial statements as of June 30, 2002 and for the six months then ended reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and results of operations for the six months. Operating results for interim periods are not necessarily indicative of the results which can be expected for full years.

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Continued)

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NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Organization and Basis of Presentation

The Company was incorporated under the laws of the State of Nevada on April 7, 1997. The Company ceased all operating activities during the period from April 7, 1997 to July 9, 1999 and was considered dormant. On July 9, 1999, the Company obtained a Certificate of renewal from the State of Nevada. During 2000, the Company developed an Internet website which provided community, content and commerce for the sportbike and motorcycle enthusiast. During November 2001 the Company abandoned the internet business and since December 2001, the Company is in the development stage, and has not commenced planned principal operations. On March 19, 2002 the Company's name was changed from eSportbike.com, Inc. to Red Butte Energy, Inc. to reflect the new focus of the Company.

Nature of Business

The company has no products or services as of June 30, 2002. The Company was organized as a vehicle to seek merger or acquisition candidates. The Company intends to acquire interests in various business opportunities, which in the opinion of management will provide a profit to the Company.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Continued)

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue Recognition

Revenue is recognized as services are performed.

Loss per Share

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The reconciliations of the numerators and denominators of the basic loss per share computations are as follows:

	Income ----- (Numerator)	Shares ----- (Denominator)	Per-Share Amount -----
For the Three Months Ended June 30, 2002			
BASIC LOSS PER SHARE			
Loss to common shareholders	\$ (7,897)	2,050,000	\$ -
	=====	=====	=====
For the Three Months Ended June 30, 2001			
BASIC LOSS PER SHARE			
Loss to common shareholders	\$ -	2,050,000	\$ -
	=====	=====	=====
For the Six Months Ended June 30, 2002			
BASIC LOSS PER SHARE			
Loss to common shareholders	\$ (8,337)	2,050,000	\$ -
	=====	=====	=====
For the Six Months Ended June 30, 2001			
BASIC LOSS PER SHARE			
Loss to common shareholders	\$ (3,355)	2,050,000	\$ -
	=====	=====	=====

The effect of outstanding common stock equivalents would be anti-dilutive for June 30, 2002 and 2001 and are thus not considered.

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Continued)

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Foreign Currency Translation

The functional currency of the Company is Canadian dollars. Balance sheet accounts are translated to U.S. dollars at the current exchange rate as of the balance sheet date. Income statement items are translated at average exchange rates during the period. The resulting translation adjustment is recorded as a separate component of stockholders' equity.

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Reclassifications

Certain reclassifications have been made in the 2001 financial statements to conform with the 2002 presentation.

Advertising Expense

Advertising costs are expensed when the services are provided.

Income Taxes

The Company has a net operating loss for income taxes. Due to the regulatory limitations in utilizing the loss, it is uncertain whether the Company will be able to realize a benefit from these losses. Therefore, a deferred tax asset has not been recorded. There are no significant tax differences requiring deferral.

Concentrations of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Continued)

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Depreciation

Fixed assets are stated at cost. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
-----	-----
Computer equipment	3 years
Furniture and equipment	5 years

Maintenance and repairs are charged to operations; betterments are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any resulting gain or loss is credited or charged to income.

NOTE 3 - COMMITMENTS

As of June 30, 2002 all activities of the Company have been conducted by corporate officers from either their homes or business offices. Currently, there are no outstanding debts owed by the company for the use of these facilities and there are no commitments for future use of the facilities.

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NOTE 4 - STOCK SPLIT

On May 6, 1999 the Board of Directors authorized 1,000 to 1 stock split, changed the authorized number of shares to 100,000,000 shares and the par value to \$.001 for the Company's common stock. As a result of the split, 999,000 shares were issued.

On February 23, 2000 the Board of Directors authorized the acceptance of 800,000 shares of restricted common stock returned to the Company by and on behalf of Mr. Daniel L. Hodges, formerly the sole Officer and Director of the Company. The 800,000 shares were canceled immediately upon receipt. Also on February 23, 2000 the Board of Directors authorized a 27 to 1 stock split. As a result of this split the Company issued 5,200,000 shares of common stock.

On March 19, 2002 the Board of Directors approved a 1 for 8 reverse stock split. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock split and cancellation of shares.

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RED BUTTE ENERGY, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Continued)

NOTE 5 - SUBSEQUENT EVENTS

Subsequent to the name change and change of direction for the Company, it has been pursuing opportunities in the oil and gas industry. The Company has entered into a letter of intent to acquire an undivided 50% interest in the Coal Creek Basin Property and adjacent properties in McBrien Twp, Ontario, Canada. This property is being explored for coal bed methane. The Company expects to be able to finalize and close this agreement in short order. The Company is also pursuing other opportunities in oil and gas in Canada and California.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's annual report on Form 10-KSB for the year ended December 31, 2001.

Plan of Operation

The Company was organized for the purpose of creating a corporate vehicle to seek, investigate and, if such investigation warrants, acquire an interest in one or more business opportunities presented to it by persons or firms who or which desire to seek perceived advantages of a publicly held corporation.

The Company may incur significant post-merger or acquisition registration costs in the event management wishes to register a portion of their shares for subsequent sale. The Company will also incur significant legal and accounting costs in connection with the acquisition including the costs of preparing post-effective amendments, Forms 8-K, agreements and related reports and documents.

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The Company will not have sufficient funds (unless it is able to raise funds in a private placement) to undertake any significant development, marketing and manufacturing of the products acquired. Accordingly, following the acquisition, the Company will, in all likelihood, be required to either seek debt or equity financing or obtain funding from third parties, in exchange for which the Company may be required to give up a substantial portion of its interest in the acquired product. There is no assurance that the Company will be able either to obtain additional financing or interest third parties in providing funding for the further development, marketing and manufacturing of any products acquired.

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On March 13, 2002 the majority shareholders of the Company entered into an agreement whereby investors associated with Epic Finance Corporation agreed to acquire the shares owned by the majority shareholders.

On March 19, 2002 the Board of Directors approved a 1 for 8 reverse stock split. As well on the same date the Company changed it's name to Red Butte Energy, Inc.

On April 18, 2002 the Company entered into a letter of intent to acquire an undivided 50% interest in the Coal Creek Basin and adjacent properties in McBrien Twp., Ontario, Canada. The Company will explore the property for coal bed methane. The Company expects to complete this agreement shortly.

The Company will continue to pursue opportunities in coal bed methane and oil and gas principally but not limited to Canada and California.

The Company will not proceed with the development of any software business in Asia. Similarly the Company has decided not to operate any web based business related to sportbikes or any other products. The Company will concentrate on opportunities in the oil and gas industry.

Results of Operations

From April 7, 1997 to July 9, 1999, the Company was an inactive corporation. From July 9, 1999, the Company was a development stage company and had not begun principal operations.

During 2001 and 2000, the Company attempted to provide an internet web site that has since proved uneconomical and has been abandoned. Accordingly, comparisons with prior periods are not meaningful.

Liquidity and Capital Resources

The Company has met its capital requirements through the sale of its Common Stock.

Since the Company's re-activation in July 9, 1999, the Company's principal capital requirements have been the funding of the development of the Company.

The Company expects future development and expansion will be financed through cash flow from operations and other forms of financing such as the sale of additional equity and debt securities, capital leases and other credit facilities. There are no assurances that such financing will be available on terms acceptable or favorable to the Company.

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Government Regulations

The Company is subject to all pertinent Federal, State, and Local laws governing its business. The Company is subject to licensing and regulation by a number of authorities in its Province (State) or municipality. These may include health, safety, and fire regulations. The Company's operations are also subject to Federal and State minimum wage laws governing such matters as working

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conditions and overtime.

Competition

The Company faces competition from a wide variety of coal bed methane operators, many of which have substantially greater financial, marketing and technological resources than we have.

We believe however, numerous opportunities for development and participation in coal bed methane and oil and gas plays for an aggressive junior company. The Coal Creek opportunity is significant in that while it was well researched and evaluated in prior years as a coal deposit there has been no significant follow up with the opportunity to develop the methane associated with the coal. There has been in recent years new emphasis on the development of coal bed methane related to high energy costs and a desire for more self sufficiency in energy resources within North America. This has caused the Company to desire to acquire this project as it could be of significant economic value.

Employees

As of June 30, 2002, the Company had no employees.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not engaged in any legal proceedings other than the ordinary routine litigation incidental to its business operations, which the Company does not believe, in the aggregate, will have a material adverse effect on the Company, or its operations.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 5. OTHER INFORMATION

None

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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(a) The following exhibits are included as part of this report:

Exhibit

Number Title of Document

2.1 Change in Control Agreement dated January 15, 2001 (1)
3.1 Articles of Incorporation (2)
3.2 Amended Articles of Incorporation (2)
3.3 Bylaws (2)
99.1 Certification Pursuant to 18 U.S.C. ss 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2 Certification Pursuant to 18 U.S.C. ss 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Registrant's quarterly report on Form 10-QSB filed on May 21, 2001.

(2) Incorporated by reference to the Registrant's registration statement on Form 10-SB filed on October 20, 1999.

(b) Reports on Form 8-K filed. No reports on Form 8-K were filed during the prior quarter.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

RED BUTTE ENERGY, INC.
(Registrant)

Date: August 19, 2002

By: /S/ Charles Spooner

Charles Spooner
Director
(Principal Executive Officer)
(Principal Financial and Accounting Officer)

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