

HOUSTON AMERICAN ENERGY CORP
Form 10-Q
November 14, 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 September 30, 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 76-0675953
(State or other jurisdiction of incorporation or organization) (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 November 14, 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)

	September 30, 2014	December 31, 2013
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$5,064,694	\$7,578,730
Escrow receivable	335,178	1,921,217
Insurance claim receivable	7,000,000	—
Prepaid expenses and other current assets	170,539	46,175
TOTAL CURRENT ASSETS	12,570,411	9,546,122
PROPERTY AND EQUIPMENT		
Oil and gas properties – full cost method		
Costs subject to amortization	51,009,074	50,320,591
Costs not being amortized	5,733,901	3,802,042
Office equipment	90,004	90,004
Total property, plant and equipment	56,832,979	54,212,637
Accumulated depreciation, depletion, amortization and impairment	(50,476,510)	(50,349,833)
TOTAL PROPERTY AND EQUIPMENT, NET	6,356,469	3,862,804
Other assets	3,167	3,167
TOTAL ASSETS	\$18,930,047	\$13,412,093
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$30,135	\$8,119
Accrued expenses	13,930	31,336
Litigation settlement payable	7,000,000	—
Taxes payable	—	190,181
TOTAL CURRENT LIABILITIES	7,044,065	229,636
LONG-TERM LIABILITIES		
Reserve for plugging and abandonment costs	8,838	8,424
TOTAL LIABILITIES	7,052,903	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	65,910,822	65,477,046
Accumulated deficit	(54,085,848)	(52,355,183)

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TOTAL SHAREHOLDERS' EQUITY	11,877,144	13,174,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$18,930,047	\$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 AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2013	2014	2013
OIL AND GAS REVENUE	\$230,278	\$204,566	\$56,805	\$170,311
EXPENSES OF OPERATIONS				
Lease operating expense and severance tax	73,859	52,030	24,528	32,398
General and administrative expense	1,763,494	2,830,338	473,942	656,473
Depreciation and depletion	126,677	15,890	71,254	7,688
Total operating expenses	1,964,030	2,898,258	569,724	696,559
Gain on sale of oil and gas property	—	86,025	—	—
Loss from operations	(1,733,752)	(2,607,667)	(512,919)	(526,248)
OTHER INCOME (EXPENSE)				
Interest income	4,900	14,417	1,723	1,486
Other expense	(3)	(19,289)	—	—
Total other income (expense)	4,897	(4,872)	1,723	1,486