TripAdvisor, Inc.
Form 10-Q
November 08, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016

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: 001-35362

TRIPADVISOR, INC.

(Exact name of registrant as specified in its charter)

Delaware	80-0743202
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 1st Avenue

Needham, MA 02494

(Address of principal executive office) (Zip Code)

Registrant’s telephone number, including area code:

(781) 800-5000

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	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

Class	Outstanding Shares at November 2, 2016
Common Stock, $0.001 par value per share	132,901,210 shares
Class B common stock, $0.001 par value per share	12,799,999 shares

TripAdvisor, Inc.

Form 10-Q

For the Quarter Ended September 30, 2016

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TRIPADVISOR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenue	$421	$415	$1,164	$1,183
Costs and expenses:				
Cost of revenue (1)	19	16	55	46
Selling and marketing (2)	210	197	584	546
Technology and content (2)	62	54	185	152
General and administrative (2)	38	37	110	114
Depreciation	18	13	51	42
Amortization of intangible assets	8	10	23	26
Total costs and expenses:	355	327	1,008	926
Operating income	66	88	156	257
Other income (expense):				
Interest expense	(3)	(3)	(10)	(7)
Interest income and other, net (Note 14)	-	13	-	15
Total other income (expense), net	(3)	10	(10)	8
Income before income taxes	63	98	146	265
Provision for income taxes	(8)	(24)	(27)	(70)
Net income	$55	$74	$119	$195
Earnings per share attributable to common stockholders (Note 5):				
Basic	$0.38	$0.51	$0.82	$1.35
Diluted	$0.37	$0.51	$0.81	$1.34
Weighted average common shares outstanding (Note 5):				
Basic	146	144	146	144
Diluted	147	146	147	146
(1) Excludes amortization as follows:				
Amortization of acquired technology included in amortization of intangible assets	$2	$2	$5	$7
Amortization of website development costs included in depreciation	12	8	33	27
	$14	$10	$38	$34

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Total assets	$4,205	$7,178

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

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NEW CONCEPT ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - CONTINUED
(amounts in thousands, except share amounts)

	December 31, 2017	December 31, 2016
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable - trade (including $412 and $160 in 2017 and 2016 due to related parties)	$446	$238
Accrued expenses	29	59
Current portion of long term debt	81	96
Total current liabilities	556	393
Long-term debt		
Notes payable less current portion	243	296
Asset retirement obligation	2,770	2,770
Total liabilities	3,569	3,459
Stockholders' equity		
Series B convertible preferred stock, $10 par value, liquidation value of $100 authorized 100 shares, issued and outstanding one share	1	1
Common stock, $.01 par value; authorized, 100,000,000 shares; issued and outstanding, 2,036,935 and 1,946,935 shares at December 31, 2017 and 2016	21	20
Additional paid-in capital	59,000	58,838
Accumulated deficit	(58,386)	(55,140)
	636	3,719
Total liabilities & stockholders' equity	$4,205	$7,178

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

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NEW CONCEPT ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenue			
Oil and gas operations, net of royalties	$791	$764	$820
	791	764	820
Operating expenses			
Oil & gas operations	1,027	1,181	1,800
Corporate general and administrative	408	352	605
Impairment of natural gas and oil properties	2,626	—	2,717
	4,061	1,533	5,122
Operating earnings (loss)	(3,270)	(769)	(4,302)
Other income (expense)			
Interest income	25	23	12
Interest expense	(24)	(38)	(62)
Gain on prepayment of debt	—	888	—
Gain on sale of land	—	50	—
Bad debt expense (recovery) - note receivable	—	—	1,430
Other income (expense), net	28	(110)	(32)
	29	813	1,348
Earnings (loss) from continuing operations	(3,241)	44	(2,954)
Earnings from discontinued operations	(5)	4	332
Net income (loss) applicable to common shares	$(3,246)	$48	$(2,622)
Net income (loss) per common share-basic and diluted	$(1.59)	$0.02	$(1.35)
Weighted average common and equivalent shares outstanding - basic	2,037	1,947	1,947

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

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NEW CONCEPT ENERGY, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Year ended December 31, 2017	2016	2015
Cash flows from operating activities			
Net income (loss)	$(3,246)	$48	$(2,622)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation, depletion and amortization	396	664	721
Write-off of assets from discontinued operation	25	—	—
Impairment of oil & gas properties	2,626	—	2,717
Write-off (recovery) of affiliate receivable	—	—	(1,430)
Gain on prepayment of long term debt	—	(888)	—
Gain from sale of land	—	(50)	—
Changes in operating assets and liabilities			
Other current and non-current assets	223	7	260
Accounts payable and other liabilities	178	(95)	920
Net cash provided by (used) in operating activities	202	(314)	566
Cash flows from investing activities			
Investment in undeveloped land	(10)	—	—
Investment in oil and gas properties	—	—	(336)
Fixed asset additions	—	(52)	(31)
Cash from sale of land	—	700	116
Repayment of loan from affiliate	—	—	126
Collections of note receivable	24	38	13
Net cash provided by (used) in investing activities	14	686	(112)
Cash flows from financing activities			
Payment on notes payable	(73)	(732)	(281)
Proceeds from the sale of common stock	163	—	—
Net cash provided by (used in) financing activities	90	(732)	(281)
Net increase (decrease) in cash and cash equivalents	306	(360)	173
Cash and cash equivalents at beginning of year	113	473	300
Cash and cash equivalents at end of year	$419	$113	$473
Supplemental disclosures of cash flow information			
Cash paid for interest on notes payable:	$24	$22	$77
Cash paid for principal on notes payable:	$73	$732	$281
Non cash portion of sale of land	$—	$—	$415

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

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New Concept Energy Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(amounts in thousands)

	Series B		Common Stock		Additional paid in	Accum-ulated	
	Shares	Amount	Shares	Amount	capital	deficit	Total
Balance at December 31, 2014	1	$1	1,947	$20	$ 58,838	$(52,566)	$6,293
Net Income						(2,622)	(2,622)
Balance at December 31, 2015	1	1	1,947	$20	$ 58,838	(55,188)	3,671
Net Income						48	48
Balance at December 31, 2016	1	1	1,947	$20	$ 58,838	(55,140)	3,719
Issuance of Common Stock			90	$1	$ 162		163
Net Income						(3,246)	(3,246)
Balance at December 31, 2017	1	$1	2,037	21	$ 59,000	$(58,386)	$636

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

New Concept Energy Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

NOTE A – BUSINESS DESCRIPTION AND PRESENTATION

The Company, through its wholly owned subsidiaries Mountaineer State Energy, Inc. and Mountaineer State Operations, LLC, operates oil and gas wells and mineral leases in Athens and Meigs Counties in Ohio and in Calhoun, Jackson and Roane Counties in West Virginia. As of December 31, 2017 the Company has 153 producing oil & gas wells, 31 non-producing wells and related equipment and mineral leases covering approximately 20,000 acres.

The Company engaged the firm of independent oil and gas engineers Lee Keeling & Associates, Inc. to estimate the net oil and gas reserves. On the basis of their study, the estimates of future net revenues using a present value discount of 10% were estimated to be $2.7 million at December 31, 2017.

The Company leased and operated Pacific Pointe Retirement Inn ("Pacific Pointe") in King City, Oregon for several years. Pacific Pointe, a retirement center, that has a capacity of 114 residents and provides community living with basic services such as meals, housekeeping, laundry, 24/7 staffing, transportation and social and recreational activities.

The lease provided that should the property be sold the lease maintained by the Company would be terminated. The third party owner sold the building effective March 30, 2017 and our lease was terminated on that date. These financial statements reflect the operations of the retirement community as a discontinued operation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation

The consolidated financial statements include the accounts of New Concept Energy, Inc. and its majority-owned subsidiaries (collectively, the “Company”, New Concept or “NCE”) and are prepared on the basis of accounting principles generally accepted in the United States of America “GAAP”. All significant intercompany transactions and accounts have been eliminated. Certain accounting balances have been reclassified to conform to the current year presentation.

Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of property and equipment to operations over their estimated service lives, ranging from 3 to 40 years. Depreciation is computed by the straight-line method.

Depreciation expense, which is included in operations, was $55,000, $98,000 and $93,000 for 2017, 2016 and 2015, respectively.

Depreciation, Depletion and Amortization of Oil & Gas Properties

Depreciation, depletion and amortization (“DD&A”) of producing properties is computed on the unit-of-production method based on estimated oil and gas reserves. While total DD&A expense for the life of a property is limited to the property’s total cost, reserve revisions result in a change in timing of when DD&A expense is recognized.

The Company recorded depletion of mineral rights of $259,000, $310,000 and $515,000 in 2017, 2016 and 2015 respectively.

Segments

The Company operates one primary business segments: oil and gas operations. Segment data is provided in “Note H” to these consolidated financial statements.

Major Purchaser

The Company sells most of its natural gas production to one purchaser and all of its oil production to one purchaser. While there is an available market for crude oil and natural gas production, we cannot be assured that the loss of this purchaser would not have a material impact on the Company.

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Oil and Gas Reserves

Our oil and gas reserves are estimated by independent petroleum engineers. Reserve engineering is a subjective process that is dependent upon the quality of available data and the interpretation thereof, including evaluations and extrapolations of well flow rates and reservoir pressure. Estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices, may justify revision of such estimates. Because reserves are required to be estimated using recent prices of the evaluation, estimated reserve quantities can be significantly impacted by changes in product prices.

The standardized measure of discounted future net cash flows and changes in such cash flows are prepared using assumptions required by the Financial Accounting Standards Board and the Securities and Exchange Commission. Such assumptions include using recent oil and gas prices and year-end costs for estimated future development and production expenditures. Discounted future net cash flows are calculated using a 10% rate. Changes in any of these assumptions could have a significant impact on the standardized measure. Accordingly, the standardized measure does not represent management's estimated current market value of reserves.

Full cost accounting

The Company uses the full cost method of accounting for its investment in oil and natural gas properties. Under this method of accounting, all costs of acquisition, exploration and development of oil and natural gas properties (including such costs as leasehold acquisition costs, geological expenditures, dry hole costs, tangible and intangible development costs and direct internal costs) are capitalized as the cost of oil and natural gas properties when incurred.

The full cost method requires the Company to calculate quarterly, by cost center, a "ceiling," or limitation on the amount of properties that can be capitalized on the balance sheet. To the extent capitalized costs of oil and natural gas properties, less accumulated depletion and related deferred taxes exceed the sum of the discounted future net revenues of proved oil and natural gas reserves, the lower of cost or estimated fair value of unproved properties subject to amortization, the cost of properties not being amortized, and the related tax amounts, such excess capitalized costs are charged to expense. Beginning December 31, 2009, full cost companies use the unweighted arithmetic average first day of the month price for oil and natural gas for the 12-month period preceding the calculation date to calculate the future net revenues of reserves. Prior to December 31, 2009, companies used the price in effect at the calculation date and had the option, under certain circumstances, to elect to use subsequent commodity prices if they increased after the calculation date.

The Company assesses any unproved oil and gas properties on an annual basis for possible impairment or reduction in value. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of reserves; and the economic viability of development if reserves are assigned. During any period in which these factors indicate an impairment of unproved properties not subject to amortization, the associated costs incurred to date for such properties are then included in unproved properties subject to amortization.

Gas gathering assets

Gas gathering assets are capitalized as part of the depletable pool and ratably charged to earnings along with other capitalized exploration, drilling and development costs.

Office and field equipment

Office and field equipment are capitalized at cost and depreciated on a straight line basis over their estimated useful lives. Office and field equipment useful lives range from 5 to 30 years.

Revenue recognition and gas imbalances

We use the sales method of accounting for oil and natural gas revenues. Under the sales method, revenues are recognized based on actual volumes of oil and natural gas sold to purchasers. Gas imbalances at December 31, 2017 were not significant. New Concept also follows the sales method of accounting for natural gas production imbalances and would recognize a liability if the existing reserves were not adequate to cover an imbalance.

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Accounting for Leases

Leases of property, plant and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Revenue Recognition

Rental income for residential property leases is recorded when due from residents and is recognized monthly as it is earned, which is not materially different than on a straight-line basis as lease terms are generally for periods of one year or less.

Revenues are recognized when products are shipped or services are provided to customers, title is transferred, the sales price is fixed or determinable and collectability is reasonably assured. Costs associated with revenues are recorded in cost of revenues. Production volumes of natural gas are sold immediately and transported via pipeline. Royalties on the production of natural gas either paid in cash or settled through the delivery of volumes. The Company includes royalties in its revenues and cost of revenues when settlement of the royalties is paid in cash, while royalties settled by the delivery of volumes are excluded from revenues and cost of revenues.

The Company follows the sales method of accounting for natural gas production imbalances and would recognize a liability if the existing reserves were not adequate to cover an imbalance.

Use of Estimates

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

Cash Equivalents

The Company considers all short-term deposits and money market investments with a maturity of less than three months to be cash equivalents.

Other Intangible Assets

The cost of acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

Impairment of Notes Receivable

Notes receivable are identified as impaired when it is probable that interest and principal will not be collected according to the contractual terms of the note agreements. The accrual of interest is discontinued on such notes, and no income is recognized until all past due amounts of principal and interest are recovered in full.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets and certain identifiable intangibles for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In reviewing recoverability, the Company estimates the future cash flows expected to result from use of the assets and eventually disposing of them. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized based on the asset’s fair value.

The Company determines the fair value of assets to be disposed of and records the asset at the lower of fair value less disposal costs or carrying value. Assets are not depreciated while held for disposal.

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Sales of Real Estate

Gains on sales of real estate are recognized to the extent permitted by Accounting Standards Codification Topic 360-20, "Real Estate Sales – Real Estate Sales", ("ASC 360-20"). Until the requirements of ASC 360-20 have been met for full profit recognition, sales are accounted for by the installment or cost recovery method, whichever is appropriate.

Real Estate Held for Sale

Accounting Standards Codification Topic 360, "Property, Plant, & Equipment" ("ASC 360")requires that properties held for sale be reported at the lower of carrying amount or fair value less costs of sale. If a reduction in a held for sale property's carrying amount to fair value less costs of sale is required, a provision for loss is recognized by a charge against earnings. Subsequent revisions, either upward or downward, to a held for sale property's estimated fair value less costs of sale are recorded as an adjustment to the property's carrying amount, but not in excess of the property's carrying amount when originally classified as held for sale. A corresponding charge against or credit to earnings is recognized. Properties held for sale are not depreciated.

Asset Retirement Obligation

The Company records an asset retirement obligation liability on the consolidated balance sheets and capitalizes a portion of the cost in "Oil and natural gas properties" during the period in which the obligation is incurred. The asset retirement obligation is further described in Note K.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification, ("ASC") No. 740, "Accounting for Income Taxes". ASC 740 requires an asset and liability approach to financial accounting for income taxes. In the event differences between the financial reporting basis and the tax basis of the Company's assets and liabilities result in deferred tax assets, ASC 740 requires an evaluation of the probability of being able to realize the future benefits indicated by such assets. A valuation allowance is provided for a portion or all of the deferred tax assets when there is an uncertainty regarding the Company's ability to recognize the benefits of the assets in future years. Recognition of the benefits of deferred tax assets will require the Company to generate future taxable income. There is no assurance that the Company will generate earnings in future years. Since management could not determine the likelihood that the benefit of the deferred tax asset would be realized, no deferred tax asset was recognized by the Company.

Recent Accounting Pronouncements

There were no recent accounting pronouncements that our Company has not implemented that materially affect our consolidated financial statements.

NOTE C– RELATED PARTIES

Pillar Income Asset Management, Inc.

Commencing in February 2008, three publicly held entities needed a chief financial officer, Income Opportunity Realty Investors, Inc. (“IOT”), Transcontinental Realty Investors, Inc. (“TCI”) and American Realty Investors, Inc. (“ARL”) each of which have the same contractual advisor. Mr. Bertcher, is a certified public accountant and has a long history in their industry. New Concept made an arrangement with the contractual advisor whereby, in addition to his responsibilities to New Concept Mr. Bertcher would provide accounting and administrative services for the three entities. Mr. Bertcher is paid directly for such services by the contractual advisor.

Beginning in 2011 Pillar became the contractual advisor to the three other publically traded entities. . In addition the relationship with Mr. Bertcher New Concept conducts business with Pillar whereby Pillar provided the Company with services including processing payroll, acquiring insurance and other administrative matters. The Company believes that by purchasing these services through certain large entities it can get lower costs and better service. Pillar does not charge the Company a fee for providing these services.

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NOTE D - Fixed Assets

Land, building and furniture, fixtures and equipment are recorded at cost incurred to acquire the assets.
At December 31, 2017, fixed assets are as follows:

Oil and Gas Properties	2017	2016
Land and improvements	$432	$422
Buildings and improvements	272	272
Equipment and furnishings	565	565
Total fixed assets	1,269	1,259
Less: Accumulated depletion	(608)	(553)
Net Fixed Assets	$661	$706

Oil and natural gas properties	2017	2016
Investment in Oil and gas properties	$6,493	$9,121
Less: Accumulated depreciation	(3,772)	(3,513)
Net oil and gas properties	$2,721	$5,608

NOTE E – NOTES PAYABLE

Notes payable is comprised of the following (in thousands):

	2017	2016
Bank Debt	359	432
Deferred Borrowing Costs	$(35)	$(40)
	$324	$392

Bank debt represent loans from a bank to finance drilling and equipment at the Company's oil and gas operation. The interest rate ranges from 5% to 5 ½ %. The loans are collateralized by the Company's oil & gas leases as well as real property and equipment.

Aggregate annual principal maturities of long-term debt at December 31, 2017 are as follows (in thousands):

2018		81
2019		58
2020		55
2021		55
2022		55
Thereafter		55
	$	359
Deferred borrowing costs	(35)	
	$	324

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NOTE F – INCOME TAXES

At December 31, 2017, the Company had net operating loss carry forwards of approximately $9.8 million, which expire between 2018 and 2033.

Forms 1120, *U.S, Corporation Income Tax Returns,* for the years ending December 31, 2017, 2016, 2015 are subject to examination, by the IRS, generally for three years after they are filed.

The following table presents the principal reasons for the difference between
the Company's effective
tax rate and the United States statutory income tax rate.

	2017	2016	2015
Earned income tax at statutory rate	$—	$7	$—
Net operating loss utilization	—	(7)	—
Deferred tax asset from NOL carry forwards	2,058	3,263	3,270
Valuation allowance	(2,058)	(3,263)	(3,270)
Reported income tax expense (benefit)	$0	$0	$0
Effective income tax rate	0.00 %	0.00 %	0.00 %

The Company believes that it is more likely than not the benefit of NOL carryforwards will not be realized. Therefore, a valuation allowance on the related deferred tax assets has been recorded.

NOTE G – STOCKHOLDERS' EQUITY

Outstanding Preferred Stock

Preferred stock consists of the following (amounts in thousands):

	Year Ended December 31, 2017	2016
Series B convertible preferred stock, $10 par value, liquidation value of $100, authorized 100 shares, issued and outstanding one share	1	1

The Series B preferred stock has a liquidation value of $100 per share. The right to convert expired April 30, 2003. Dividends at a rate of 6% are payable in cash or preferred shares at the option of the Company.

NOTE H – CONCENTRATION OF CREDIT RISK

Financial instrument that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2017, the Company had $343,496 in excess of the FDIC insured limit. In 2016, The Company did have cash deposits in excess of the FDIC insured limit.

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NOTE I – CONTINGENCIES

Carlton Energy Group, LLC

Since December 2006, Carlton Energy Group, LLC ("Carlton"), an individual, Eurenergy Resources Corporation ("Eurenergy") and several other entities, including New Concept Energy, Inc., which was then known as CabelTel International Corporation (the "Company"), have been involved in contentious litigation alleging tortuous conduct, breach of contract and other matters and, as to the Company, that it was the alter ego of Eurenergy. The Carlton claims were based upon an alleged tortuous interference with a contract by the individual and Eurenergy related to the right to explore a coal bed methane concession in Bulgaria which had never (and has not to this day) produced any hydrocarbons. At no time during the pendency of this project or since did the Company or any of its officers or directors have any interest whatsoever in the success or failure of the so-called "Bulgaria Project." However, in the litigation Carlton alleged that the Company was the alter ego of certain of the other defendants, including Eurenergy.

Following a jury trial in 2009, the Trial Court (295th District Court of Harris County, Texas) cross appeals were filed by Carlton, the individual and Eurenergy to the Court of Appeals for the First District of Texas (the "Court of Appeals"), which, in February 2012, rendered an opinion. The Company and the other defendants filed a Petition for Review of the Court of Appeals' Opinion with the Supreme Court of the State of Texas. On May 8, 2015, the Supreme Court of Texas affirmed, in part, and reversed, in part, the Court of Appeals' judgment, remanding the case to the Court of Appeals for further proceedings. On remand, the Court of Appeals reinstated a verdict on damages in the amount of $31.16 million against the individual and Eurenergy.

During August 2017, the parties to the litigation reached an arrangement, the final terms of which will not be determined until the outcome of another appeal to the Supreme Court. Under the terms of the arrangement, the Company should have no financial responsibility to Carlton, nor should any potential final outcome materially adversely affect the Company, in management's opinion

Other

The Company has been named as a defendant in other lawsuits in the ordinary course of business. Management is of the opinion that these lawsuits will not have a material effect on the financial condition, results of operations or cash flows of the Company.

NOTE J – OPERATING SEGMENTS

The following table reconciles the segment information to the corresponding amounts in the Consolidated Statements of Operations and assets from continuing operations:

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Year ended December 31, 2017	Oil and Gas Operations	Corporate	Total	Discontinued Operations Retirement Facility
Operating revenue	$791	$—	$791	$659
Operating expenses	707	408	1,115	358
Depreciation, depletion and amortization	320	—	320	101
Lease of Retirement Center	—	—	—	205
Impairment of oil and gas properties	2,626	—	2,626	—
Total Operating Expenses	3,653	408	4,061	664
Interest income	25	—	25	—
Interest expense	(24)	—	(24)	—
Other income (expense), net	—	28	28	—
Segment operating income (loss)	$(2,861)	$(380)	$(3,241)	$(5)
Assets	$3,903	$302	$4,205	$—

Year ended December 31, 2016	Oil and Gas Operations	Corporate	Total	Retirement Facility
Operating revenue	$764	$—	$764	$2,665
Operating expenses	687	352	1,039	1,496
Depreciation, depletion and amortization	494	—	494	168
Lease of Retirement Center	—	—	—	997
Impairment of oil and gas properties	—	—	—	—
Total Operating Expenses	1,181	352	1,533	2,661
Interest income	23	—	23	—
Interest expense	(38)	—	(38)	—
Gain on prepayment of debt	888	—	888	—
Gain on Sale of Land	—	50	50	—
Other income (expense), net	—	(110)	(110)	—
Segment operating income (loss)	$421	$(572)	$44	$4
Assets	$6,641	$291	$6,932	$246

Year ended December 31, 2015	Oil and Gas Operations	Corporate	Total	Retirement Facility
Operating revenue	$820	$—	$820	$2,997
Operating expenses	1,183	605	1,788	1,623
Depreciation, depletion and amortization	617	—	617	62
Lease of Retirement Center	—	—	—	980
Impairment of oil and gas properties	2,717	—	2,717	—
Total Operating Expenses	4,517	605	5,122	2,665

Interest income	—	12	12	—
Interest expense	(62)	—	(62)	—
Bad debt recovery	—	1,430	1,430	—
Other income (expense), net	—	(32)	(32)	—
Segment operating income (loss)	$(3,759)	$805	(2,954)	$332
Assets	$7,420	$1,025	$8,445	$430

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NOTE K - QUARTERLY DATA (UNAUDITED)

The table below reflects the Company's selected quarterly information for the years ended December 31, 2017, 2015 and 2014. Amounts shown are in thousands except per share amounts.

Year ended December 31, 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 195	$ 243	$ 194	$ 159
Operating (expense)	(256)	(256)	(254)	(261)
Corporate general and administrative expense	(100)	(122)	(95)	(91)
Impairment of natural gas and oil properties	—	—	—	(2,626)
Other income (expense) net	(11)	11	65	(30)
Net income (loss) from continuing operations	(172)	(124)	(90)	(2,849)
Net income (loss) from discontinued operations	13	(11)	(11)	(2)
Income (loss) allocable to common shareholders	$ (159)	$ (135)	$ (101)	$ (2,851)
Income (loss) per common share – basic	($0.08)	($0.07)	($0.05)	($1.39)

Year ended December 31, 2016	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 219	$ 170	$ 190	$ 185
Operating (expense)	(396)	(233)	(295)	(327)
Corporate general and administrative expense	(166)	(101)	(52)	(33)
Gain on prepayment of debt	—	—	—	888
Gain on sale of land				50
Other income (expense) net	(10)	(7)	(13)	(80)
Net income (loss) from continuing operations	(353)	(171)	(170)	738
Net income (loss) from discontinued operations	57	38	6	(97)
Income (loss) allocable to common shareholders	$ (296)	$ (133)	$ (164)	641
Income (loss) per common share – basic	($0.15)	($0.07)	($0.08)	$ 0.32

Year ended December 31, 2015	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 172	$ 259	$ 232	$ 157
Operating (expense)	(470)	(440)	(527)	(363)
Corporate general and administrative expense	(154)	(155)	(176)	(120)
Impairment of natural gas and oil properties	—	—	—	(2,717)
Recovery of bad debt	738	386	306	—
Other income (expense) net	(34)	(24)	(14)	(10)
Net income (loss) from continuing operations	252	26	(179)	(3,053)
Net income (loss) from discontinued operations	62	84	104	82
Income (loss) allocable to common shareholders	$ 314	$ 110	$ (75)	$ (2,971)
Income (loss) per common share – basic	$ 0.16	$ 0.06	($0.04)	($1.53)

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NOTE L - SUPPLEMENTARY FINANCIAL INFORMATION ON OIL AND NATURAL GAS EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES (UNAUDITED)

The following table reflects revenues and expenses directly associated with our oil and gas producing activities, including general and administrative expenses directly related to such producing activities. They do not include any allocation of interest costs or general corporate overhead and, therefore, are not necessarily indicative of the contribution to net earnings of our oil and gas operations. Income tax expense has been calculated by applying statutory income tax rates to oil and gas sales after deducting costs, including depreciation, depletion and amortization and after giving effect to permanent differences.

	2017 Gas (MMCF)	Oil (MBBLS)
Proved developed and undeveloped reserves - January 1,2017	3,219	149
Purchase of oil and natural gas properties in place	—	—
Discoveries and exclusions	—	—
Revisions	(2,211)	(75)
Sales of oil and gas properties in place	0	0
Production	(178)	(5)
Proved developed and undeveloped reserves - December 31,2017	830	69
Probable reserves	1,025	—
Possible reserves	342	—
Total reserves - December 31, 2017	2,197	69
Proved developed at beginning of year	1,051	81
Proved developed reserves at end of year	830	69

	2016 (MMCF)	(MBBLS)
Proved developed and undeveloped reserves - January 1, 2016	2,604	58
Purchase of oil and natural gas properties in place	—	—
Discoveries and exclusions	—	—
Revisions	746	95
Sales of oil and gas properties in place	—	—
Production	(155)	(4)
Total reserves - December 31, 2017	3,195	149
Proved developed at beginning of year	504	59
Proved developed reserves at end of year	1,051	81

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	2017	2016
Oil and gas sales	$791	$764
Operating expenses	(707)	(687)
Depreciation, depletion and amortization	(320)	(494)
Impairment of oil & gas properties	(2,626)	—
Results of operations	$(2,862)	$(417)

The following table reflects the standardized measure of future net cash flows related to our proved reserves

	2017	2016
Future oil and gas cash inflows	$10,653	$19,368
Future oil & gas operating expenses	(3,425)	(4,605)
Future development costs	(1,480)	(2,982)
Future tax expense	(724)	(1,308)
Future net cash flows	$5,024	$10,473
10% discount to reflect timing of cash flows	(2,303)	(4,150)
	$2,721	$6,323

(1) Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together

with proved reserves are as likely as not to be recovered.

(2) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves

NOTE M – ASSET RETIREMENT OBLIGATION

The Company records an asset retirement obligation (ARO) when the total depth of a drilled well is reached and the Company can reasonably estimate the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon costs. The Company records the ARO liability on the consolidated balance sheets and capitalizes a portion of the cost in “Oil and natural gas properties” during the period in which the obligation is incurred. In general, the amount of an ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date and adjusted for the Company’s credit risk. This amount is then discounted back to the date that the abandonment obligation was incurred using an assumed cost of funds for the Company. After recording these amounts, the ARO is accreted to its future estimated value using the same assumed cost of funds. The additional capitalized costs are depreciated on a unit-of-production basis or straight-line basis.

In 2012, the Company re-evaluated its method of plugging abandoned wells and determined by doing so in-house it could lower the cost. Based upon the Company’s current calculations, we have established a sufficient reserve, for accounting purposes, to plug the existing wells when necessary.

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	2017	2016
Asset retirement obligation, January 1	$ 2,770	$ 2,770
Acquisition of oil and gas properties	-	-
Revisions in the estimated cash flows	-	-
Liability incurred upon acquiring and drilling wells	-	-
Liability settled upon plugging and abandoning wells	-	-
Accretion of discount expense	-	-
Asset retirement obligation, December 31	$ 2,770	$ 2,770

NOTE N –SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 16, 2018, the date the financial statements were available to be issued, and has determined that there are none to be reported.

The following documents are filed as exhibits (or are incorporated by reference as indicated) into this Report:

Exhibit Designation	**Exhibit Description**
3.1	Articles of Incorporation of Medical Resource Companies of America (incorporated by reference to Exhibit 3.1 to Registrant's Form S-4 Registration Statement No. 333-55968 dated December 21, 1992)
3.2	Amendment to the Articles of Incorporation of Medical Resource Companies of America (incorporated by reference to Exhibit 3.5 to Registrant's Form 8-K dated April 1, 1993)
3.3	Restated Articles of Incorporation of Greenbriar Corporation (incorporated by reference to Exhibit 3.1.1 to Registrant's Form 10-K dated December 31, 1995)
3.4	Amendment to the Articles of Incorporation of Medical Resource Companies of America (incorporated by reference to Exhibit to Registrant's PRES 14-C dated February 27, 1996)
3.5	Certificate of Decrease in Authorized and Issued Shares effective November 30, 2001 (incorporated by reference to Exhibit 2.1.7 to Registrant's Form 10-K dated December 31, 2002)
3.6	Certificate of Designations, Preferences and Rights of Preferred Stock dated May 7, 1993 relating to Registrant's Series B Preferred Stock (incorporated by reference to Exhibit 4.1.2 to Registrant's Form S-3 Registration Statement No. 333-64840 dated June 22, 1993)
3.7	Certificate of Voting Powers, Designations, Preferences and Rights of Registrant's Series F Senior Convertible Preferred Stock dated December 31, 1997 (incorporated by reference to Exhibit 2.2.2 of Registrant's Form 10-KSB for the fiscal year ended December 31, 1997)
3.8	Certificate of Voting Powers, Designations, Preferences and Rights of Registrant's Series G Senior Non-Voting Convertible Preferred Stock dated December 31, 1997 (incorporated by reference to Exhibit 2.2.3 of Registrant's Form 10-KSB for the fiscal year ended December 31, 1997)
3.9	Certificate of Designations dated October 12, 2004 as filed with the Secretary of State of Nevada on October 13, 2004 (incorporated by reference to Exhibit 3.4 of Registrant's Current Report on Form 8-K for event occurring October 12, 2004)
3.10	Certificate of Amendment to Articles of Incorporation effective February 8, 2005 (incorporated by reference to Exhibit 3.5 of Registrant's Current Report on Form 8-K for event occurring February 8, 2005)
3.11	Certificate of Amendment to Articles of Incorporation effective March 21, 2007 (incorporated by reference to Exhibit 3.13 of Registrant's Current Report on Form 8-K for event occurring March 21, 2005)
3.12	Amended and restated bylaws of New Concept Energy, Inc. dated November 18, 2008.
10.1	Registrant's 1997 Stock Option Plan (filed as Exhibit 4.1 to Registrant's Form S-8 Registration Statement, Registration No. 333-33985 and incorporated herein by this reference).
10.2	Registrant's 2000 Stock Option Plan (filed as Exhibit 4.1 to Registrant's Form S-8 Registration Statement, Registration No. 333-50868 and incorporated herein by this reference)
14.0	Code of Ethics for Senior Financial Officers (incorporated by reference to Exhibit 14.0 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003)
21.1*	Subsidiaries of the Registrant
31.1*	Rule 13a-14(a) Certification by Principal Executive Officer and Chief Financial Officer
32.1*	Certification of Principal Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Reserve Study dated March 16, 2015 prepared by Lee Keeling and Associates, Inc is included as an exhibit
99.2	Shared Services Agreement effective December 21, 2010(incorporated by reference to Exhibit 99.2 to Registrants Form 10-K/A for the year ended December 31, 2011 filed March 21, 2013
101	Interactive data files pursuant to Rule 405 of Regulation S-T

*Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW CONCEPT ENERGY, INC.

April 18, 2018 by: /s/ Gene S. Bertcher
Gene S. Bertcher, Principal Executive
Officer, President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Gene S. Bertcher Gene S. Bertcher	Chairman, President, Principal Executive Officer, Chief Financial Officer and Director	April 18, 2018
/s/ Raymond D Roberts Raymond D Roberts	Director	April 18, 2018
/s/ Victor L. Lund Victor L. Lund	Director	April 18, 2018
/s/ Dan Locklear Dan Locklear	Director	April 18, 2018

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