

# Fiscal 2009 SECOND QUARTER



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## CONDENSED CONSOLIDATED BALANCE SHEET

(Information at March 31, 2009 is unaudited)

### ASSETS

	March 31, 2009	September 30, 2008
Current Assets:		
Cash and cash equivalents	\$ 654,364	\$ 895,708
Oil and natural gas sales receivables (net)	8,215,724	17,183,128
Short-term derivative contracts	490,285	646,193
Refundable income taxes	-	2,162,305
Other	<u>970,379</u>	<u>217,691</u>
Total current assets	10,330,752	21,105,025
Properties and equipment, at cost, based on successful efforts accounting:		
Producing oil and natural gas properties	191,960,261	175,727,196
Non-producing oil and natural gas properties	11,110,912	11,216,103
Other	<u>542,596</u>	<u>491,321</u>
	203,613,769	187,434,620
Accumulated DD & A	<u>(101,670,052)</u>	<u>(87,661,433)</u>
Net properties and equipment	101,943,717	99,773,187
Investments	701,812	736,314
Other	<u>341,988</u>	<u>392,657</u>
Total Assets	<u>\$ 113,318,269</u>	<u>\$ 122,007,183</u>

### LIABILITIES AND STOCKHOLDERS EQUITY

	March 31, 2009	September 30, 2008
Current Liabilities:		
Accounts payable	\$ 4,374,520	\$ 15,897,565
Accrued liabilities	804,463	608,456
Income taxes payable	<u>283,877</u>	<u>-</u>
Total current liabilities	5,462,860	16,506,021
Long-term debt	15,810,247	9,704,100
Deferred income taxes	24,531,750	25,943,750
Asset retirement obligation	1,660,512	1,504,411
Long-term derivative contracts	282,540	-
Stockholders Equity:		
Class A voting common stock	140,524	140,524
Capital in excess of par value	2,090,070	2,090,070
Deferred director's compensation	1,809,173	1,605,811
Retained earnings	<u>66,254,701</u>	<u>69,236,604</u>
	70,294,468	73,073,009
Less treasury stock, at cost	<u>(4,724,108)</u>	<u>(4,724,108)</u>
Total stockholders' equity	<u>65,570,360</u>	<u>68,348,901</u>
Total liabilities and stockholders' equity	<u>\$ 113,318,269</u>	<u>\$ 122,007,183</u>

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Revenues:				
Oil and natural gas sales	\$ 8,440,156	\$ 14,909,601	\$ 19,056,820	\$ 28,135,695
Lease bonuses and rentals	39,862	67,864	153,242	78,310
Gains (losses) on derivative contracts	290,545	(2,368,313)	683,552	(2,104,527)
Gain on asset sales, interest and other	38,398	32,361	96,458	84,755
Income of partnerships	<u>65,054</u>	<u>105,709</u>	<u>203,645</u>	<u>256,792</u>
	8,874,015	12,747,222	20,193,717	26,451,025
Costs and expenses:				
Lease operating expenses	1,927,325	1,453,518	3,676,468	2,798,419
Production taxes	340,490	926,355	747,238	1,755,959
Exploration costs	30,043	151,750	202,308	361,731
Depreciation, depletion, and amortization	7,087,500	4,448,543	14,037,592	8,705,153
Provision for impairment	132,321	225,997	2,008,241	348,006
General and administrative	1,327,592	1,229,778	2,546,755	2,826,823
Interest expense	-	-	-	44,346
	<u>10,845,271</u>	<u>8,435,941</u>	<u>23,218,602</u>	<u>16,840,437</u>
(Loss) income before (benefit) provision for income taxes	(1,971,256)	4,311,281	(3,024,885)	9,610,588
(Benefit) provision for income taxes	<u>(1,026,000)</u>	<u>1,480,000</u>	<u>(1,205,000)</u>	<u>3,299,000</u>
Net (loss) income	<u>\$ (945,256)</u>	<u>\$ 2,831,281</u>	<u>\$ (1,819,885)</u>	<u>\$ 6,311,588</u>
(Loss) earnings per common share	<u>\$ (0.11)</u>	<u>\$ 0.33</u>	<u>\$ (0.22)</u>	<u>\$ 0.74</u>
Weighted average shares outstanding:				
Common shares	8,300,128	8,431,502	8,300,128	8,431,502
Unissued, vested director's shares	<u>96,602</u>	<u>85,057</u>	<u>95,950</u>	<u>79,592</u>
	<u>8,396,730</u>	<u>8,516,559</u>	<u>8,396,078</u>	<u>8,511,094</u>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended March 31,	
	2009	2008
Operating activities:		
Net (loss) income	\$ (1,819,885)	\$ 6,311,588
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Gain, net, on sale of assets	(155,238)	(84,279)
Income of partnerships	(203,645)	(256,792)
Exploration costs	202,308	361,731
Depreciation, depletion, amortization	14,037,592	8,705,153
Provision for impairment	2,008,241	348,006
Deferred income taxes	(1,412,000)	2,086,000
Distributions received from partnerships	238,147	297,864
Directors' deferred compensation expense	203,362	195,952
Cash provided by changes in assets and liabilities:		
Oil and natural gas sales receivables	8,967,404	(4,707,925)
Derivative contracts	438,448	2,205,527
Refundable income taxes	2,162,305	-
Other	<u>244,647</u>	<u>894,976</u>
Total adjustments	<u>26,731,571</u>	<u>10,046,213</u>
Net cash provided by operating activities	24,911,686	16,357,801
Investing activities:		
Capital expenditures, including dry hole costs	(30,271,588)	(16,095,211)
Other	<u>174,429</u>	<u>104,598</u>
Net cash used in investing activities	(30,097,159)	(15,990,613)
Financing activities:		
Borrowings under credit facility	36,488,666	17,162,975
Payments on credit facility	(30,382,519)	(16,705,064)
Payments of dividends	<u>(1,162,018)</u>	<u>(1,180,410)</u>
Net cash provided by (used in) financing activities	<u>4,944,129</u>	<u>(722,499)</u>
Decrease in cash and cash equivalents	(241,344)	(355,311)
Cash and cash equivalents at beginning of period	895,708	989,360
Cash and cash equivalents at end of period	<u>\$ 654,364</u>	<u>\$ 634,049</u>
Supplemental schedule of non-cash investing and financing activities:		
Additions to asset retirement obligations	<u>\$ 156,101</u>	<u>\$ -</u>
Net decrease in accounts payable for properties and equipment additions	<u>\$ 11,989,827</u>	<u>\$ 2,157,999</u>