

MILLER PETROLEUM INC
Form 10QSB
March 22, 2006

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

FORM 10-QSB

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

For the quarterly period ended January 31, 2006

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

For the transition period from _____ to _____

Commission File No. 33-2249-FW

MILLER PETROLEUM, INC.

(Exact name of small business issuer as specified in its charter)

TENNESSEE
(State or other jurisdiction of
incorporation or organization)

62-1028629
(I.R.S. Employer Identification. No.)

3651 Baker Highway
Huntsville, Tennessee 37756
(Address of principal executive offices)

(423) 663-9457
Issuer's telephone number

N/A

(Former name, former address and former fiscal year if changed from last report.)

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

As of January 31, 2006, the registrant had a total of 14,276,856 shares of Common Stock, \$0.0001 par value, outstanding.

Transitional Small Business Disclosure Format (check one): YES NO

Miller Petroleum, Inc.

Form 10-QSB

For the Quarter Ended January 31, 2006

Table of Contents

PART I-FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets as of January 31, 2006 (Unaudited) and April 30, 2005</u>	3
	<u>Condensed Consolidated Statements of Operations for the Three Months and nine months ended January 31, 2006 and January 31, 2005 (Unaudited)</u>	5
	<u>Condensed Consolidated Statement of Stockholders' Equity for the Nine Months ended January 31, 2006</u>	6
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended January 31, 2006 and 2005 (Unaudited)</u>	7
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u> <u>Condensed Consolidated Balance Sheets as of January 31, 2006 (Unaudited)</u>	8
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
<u>Item 3.</u>	<u>Controls and Procedures</u>	14

PART II-OTHER INFORMATION

<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	15
<u>Item 6.</u>	<u>Exhibits</u>	15

<u>SIGNATURES</u>		16
-------------------	--	----

MILLER PETROLEUM, INC.
Consolidated Balance Sheets

	January 31 2006 Unaudited	April 30 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 268,780	\$ 2,362
Accounts receivable	214,667	182,951
Participant receivables	268,371	
Current portion of note receivable	42,250	47,000
Inventory	67,389	67,389
Deferred offering costs		88,842
Total Current Assets	861,457	388,544
FIXED ASSETS		
Machinery and equipment	837,379	941,601
Vehicles	309,606	333,583
Buildings	313,335	313,335
Office Equipment	22,045	72,549
	1,482,365	1,661,068
Less: accumulated depreciation	(755,966)	(939,579)
Total Fixed assets	726,399	721,489
OIL AND GAS PROPERTIES (On the basis of successful efforts accounting)	2,756,568	2,941,832
PIPELINE FACILITIES	197,035	206,298
OTHER ASSETS		
Investment in joint venture at cost	336,669	
Land	496,500	496,500
Investments	500	500
Equipment held for sale	427,462	431,462
Cash - restricted	83,000	71,000
Total Other Assets	1,344,131	999,462
TOTAL ASSETS	\$ 5,885,590	\$ 5,257,625

See notes to consolidated financial statements.

MILLER PETROLEUM, INC.
Consolidated Balance Sheets

	January 31 2006 Unaudited	April 30 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 162,951	\$ 330,620
Accrued expenses	43,519	224,306
Current portion of notes payable	13,717	
Total Current Liabilities	220,187	554,926
LONG-TERM LIABILITIES		
Notes payable-Related parties		1,673,693
Other	330,207	655,646
Total Long-Term Liabilities	330,207	2,329,339
Total Liabilities	550,394	2,884,265
TEMPORARY EQUITY		
Common stock subject to put	4,350,000	
STOCKHOLDERS' EQUITY		
Common Stock: 500,000,000 shares authorized at \$0.0001 par value, 14,276,856 and 9,383,856 shares issued and outstanding	1,427	939
Additional paid-in capital	10,775,560	4,495,498
Unearned compensation	(824,831)	
Common stock subject to put	(4,350,000)	
Retained Earnings	(4,616,960)	(2,123,077)
Total Stockholders' Equity	985,196	2,373,360
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,885,590	\$ 5,257,625

See notes to consolidated financial statements.

MILLER PETROLEUM, INC.
Consolidated Statements of Operations
(UNAUDITED)

	For the Three Months Ended January 31		For the Nine Months Ended January 31	
	2006	2005 As Restated	2006	2005 As Restated
REVENUES				
Oil and gas revenue	\$ 285,973	\$ 238,790	\$ 627,931	\$ 601,240
Service and drilling revenue	138,632	30,014	1,480,804	157,685
Total Revenue	424,605	268,804	2,108,735	758,925
COSTS AND EXPENSES				
Cost of oil and gas revenue	23,751	19,567	62,793	60,010
Cost of service and drilling revenue	153,114	19,323	1,220,310	55,515
Selling, general and administrative	969,907	74,706	1,515,630	310,696
Salaries and wages	70,152	82,884	229,144	180,658
Depreciation, depletion and amortization	93,890	63,330	255,657	152,659
Total Costs and Expense	1,310,814	259,810	3,283,534	759,538
INCOME (LOSS) FROM OPERATIONS	(886,209)	8,994	(1,174,799)	(613)
OTHER INCOME (EXPENSE)				
Interest Income	470	429	667	674
Gain on sale of equipment		56,149		98,638
Interest expense	(690,995)	(52,363)	(1,319,751)	(165,386)
Total Other Income (Expense)	(690,525)	4,215	(1,319,084)	(66,074)
NET INCOME (LOSS)	\$ (1,576,734)	\$ 13,209	\$ (2,493,883)	\$ (66,687)
Basic and Diluted - Loss per Share				
Basic and Diluted - Loss per Share	(0.16)	-	(0.26)	(0.01)
Basic and Diluted -Shares Outstanding				
Basic and Diluted -Shares Outstanding	10,022,922	9,383,856	9,674,601	9,141,342

See notes to consolidated financial statements.

MILLER PETROLEUM, INC
Consolidated Statement of Stockholders' Equity
(UNAUDITED)

	Common Shares	Shares Amount	Additional Paid-in Capital	Unearned Compensation	Retained Earnings	Total
Restated balance, April 30, 2005	9,396,856 \$	939 \$	4,495,498 \$		\$ (2,123,077)	2,373,360
Issuance of warrants as prepayment of financing costs			370,392			370,392
Issuance of warrants for financing cost penalty			36,000			36,000
Issuance of shares as payments of services	1,580,000	158	1,612,842	(824,831)		788,169
Issuance of shares for stock sales commission	400,000	40	459,960			460,000
Cost of stock sales			(460,000)			(460,000)
Issuance of shares	2,900,000	290	4,349,710			4,350,000
Deferred offering cost			(88,842)			(88,842)
Net loss for the nine months ended January 31, 2006					(2,493,883)	(2,493,883)
Balance, January 31, 2006	14,276,856 \$	1,427 \$	10,775,560 \$	(824,831) \$	(4,616,960) \$	5,335,196

See notes to consolidated financial statements.

MILLER PETROLEUM, INC.
Consolidated Statement of Cash Flows
(UNAUDITED)

	For the Nine Months Ended January 31, 2006	As Restated For the Nine Months Ended January 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (2,493,883)	\$ (66,687)
Depreciation, depletion and amortization	255,657	152,659
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:		
Gain on sale of equipment		6,665
Issuance of stock for services	788,169	110,000
Accretion of warrant costs	406,392	
Changes in Operating Assets and Liabilities:		
Decrease (increase) in accounts receivable	(31,716)	48,169
Decrease (increase) in participant receivables	(268,371)	(339)
Decrease (increase) in prepaid expenses	88,590	
Increase (decrease) in accounts payable	(167,670)	(37,864)
Increase (decrease) in accrued expenses	(180,787)	44,820
Net Cash Provided (Used) by Operating Activities	(1,692,209)	346,013
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(79,832)	
Net additions to oil and gas properties	(335,905)	(324,065)
Decrease (increase) in restricted cash	12,000	2,000
Net Cash Used by Investing Activities	(427,737)	(322,065)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(6,135,415)	(122,552)
Proceeds from borrowing	4,150,000	48,909
Net proceeds from issuance of common stock	4,350,000	96,001
Proceeds from sale of equipment	17,029	
Change in note receivable	4,750	
Net Cash Provided by Financing Activities	2,386,364	22,358
NET INCREASE IN CASH	266,418	46,306
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,362	2,416
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 268,780	\$ 48,722

CASH PAID FOR				
INTEREST	\$	389,835	\$	143,386
INCOME TAXES	\$	0	\$	0

See notes to consolidated financial statements.

7
