PYR ENERGY CORP
Form 10QSB
July 16, 2001

U.S. Securities And Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2001

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

For the transition period from _______________ to _______________

Commission File No. 0-20879

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

Delaware	95-4580642
(State or jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1675 Broadway, Suite 2450, Denver, CO	80202
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code (303) 825-3748

Check whether the issuer (1) 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 X No___

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

The number of shares outstanding of each of the issuer's classes of common equity as of July 16, 2001 is as follows:

$.001 Par Value Common Stock	23,661,357

PYR ENERGY CORPORATION
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PART I

ITEM 1. FINANCIAL STATEMENTS

PYR ENERGY CORPORATION

BALANCE SHEETS

ASSETS

	8/31/00	5/31/01
		(UNAUDITED)
CURRENT ASSETS		
Cash	$ 8,598,016	$ 12,560,144
Oil and gas receivables	--	1,056,259
Other receivables	--	5,329
Deposits and prepaid expenses	20,835	80,298
Total Current Assets	8,618,851	13,702,030
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment, net	29,650	44,285
Oil and gas properties, net	11,293,589	20,949,919
	11,323,239	20,994,204
OTHER ASSETS	--	3,277
	$ 19,942,090	$ 34,699,511

LIABILITIES AND STOCKHOLDERS' EQUITY

	8/31/00	5/31/01
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 165,289	$ 1,507,209
Current portion of capital lease obligation	920	--
Total Current Liabilities	166,209	1,507,209
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, $.001 par value; Authorized 1,000,000 shares Series A - Issued and outstanding - 14,263 Shares at 8/31/00 - $100 face value, 10% coupon	14	--
Common stock, $.001 par value Authorized 75,000,000 shares Issued and outstanding - 19,069,019 shares at 8/31/00 and 23,661,357 shares at 5/31/01	19,069	23,661
Capital in excess of par value	22,048,384	35,193,407
Retained earnings/(accumulated deficit)	(2,291,586)	(2,024,766)
	19,775,881	33,192,302
	$ 19,942,090	$ 34,699,511

PYR ENERGY CORPORATION
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended 5/31/00	Three Months Ended 5/31/01	Nine Months Ended 5/31/00	N M E 5/
REVENUES				
Oil and gas revenues	$ --	$ 822,993	$ --	$ 1
Interest	21,226	142,162	105,516	
	21,226	965,155	105,516	1
OPERATING EXPENSES				
Oil and gas operating expenses, taxes	--	78,005	--	
General and administrative	202,917	370,021	684,755	
Interest	59	--	180	
Depreciation, depletion and amortization	4,581	57,928	13,838	
	207,557	505,954	698,773	1
NET (LOSS) INCOME	(186,331)	459,201	(593,257)	
Less dividends on preferred stock	--	--	(107,228)	
NET (LOSS) INCOME COMMON STOCKHOLDERS	$ (186,331)	$ 459,201	$ (700,485)	$
NET (LOSS) INCOME PER COMMON SHARE -BASIC	$ (0.012)	$ 0.020	$ (0.045)	$
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,163,083	23,512,581	15,571,912	21
NET (LOSS) INCOME PER COMMON SHARE -FULLY DILUTED	$ (0.012)	$ 0.019	$ (0.045)	$
FULLY DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,163,083	24,167,017	15,571,912	21

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PYR ENERGY CORPORATION
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended 5/31/00	Nine Months Ended 5/31/01
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (593,257)	$ 266,820
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	13,838	82,904
Changes in assets and liabilities		
(Increase) in accounts and other receivables	(7,218)	(1,061,022)
(Increase) in yard inventory	(373,170)	--
(Increase) in prepaids	(18,708)	(63,307)
(Decrease) increase in accounts payable	(52,196)	1,341,922
Other	--	1,888
Net cash (used) provided by operating activities	(1,030,711)	569,205
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for furniture and equipment	(4,200)	(30,972)
Cash paid for undeveloped oil and gas properties	(3,724,700)	(9,724,786)
Proceeds received from marketable securities	5,111,062	--
Cash paid for reimbursable property costs	(20,500)	--
Net cash provided (used) by investing activities	1,361,662	(9,755,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of common stock	715,000	11,600,000
Proceeds from exercise of warrants	364,062	1,557,165
Proceeds from exercise of options	--	152,906
Cash paid for offering costs	--	(160,470)
Payments on capital lease	(1,322)	(920)
Net cash provided by financing activities	1,077,740	13,148,681
NET INCREASE IN CASH	1,408,691	3,962,128
CASH, BEGINNING OF PERIODS	117,905	8,598,016
CASH, END OF PERIODS	$ 1,526,596	$ 12,560,144

PYR ENERGY CORPORATION
Notes to Financial Statements
May 31, 2001

The accompanying interim financial statements of PYR Energy Corporation are unaudited. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim period. The results of operations for the periods ended May 31, 2001 are not necessarily indicative of the operating results for the entire year.

We have prepared the financial statements included herein pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. We believe the disclosures made are adequate to make the information not misleading and recommend that these condensed financial statements be read in conjunction with the financial statements and notes included in our Form 10-KSB for the year ended August 31, 2000.

PYR Energy Corporation (formerly known as Mar Ventures Inc. ("Mar")) was incorporated under the laws of the State of Delaware on March 27, 1996. Mar was a public company with no significant operations as of July 31, 1997. On August 6, 1997, Mar acquired all the interests in PYR Energy LLC ("PYR LLC") (a Colorado limited liability company organized on May 31, 1996), a development stage company as defined by Statement of Financial Accounting Standards (SFAS) No. 7. PYR LLC, an independent oil and gas exploration company, was engaged in the acquisition of undeveloped oil and gas interests for exploration and exploitation in the Rocky Mountain region and California. As of August 6, 1997, PYR LLC had acquired only non-producing leases and acreage, and no exploration had commenced on the properties. Upon completion of the acquisition of PYR LLC by Mar, PYR LLC ceased to exist as a separate entity. Mar remained as the surviving legal entity and, effective November 12, 1997, Mar changed its name to PYR Energy Corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires us 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - For purposes of reporting cash flows, we consider as cash equivalents all highly liquid investments with a maturity of three months or less at the time of purchase. At May 31, 2001, there were no cash equivalents.

PROPERTY AND EQUIPMENT - Furniture and equipment is recorded at cost. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets of three to five years. Expenditures for replacements, renewals, and betterments are capitalized. Maintenance and repairs are charged to operations as incurred.

OIL AND GAS PROPERTIES - We follow the full cost method to account for our oil and gas exploration and development activities. Under the full cost method, all costs incurred which are directly related to oil and gas exploration and development are capitalized and subjected to depreciation and depletion. Depletable costs also include estimates of future development costs of proved reserves. Costs related to undeveloped oil and gas properties may be excluded from depletable costs until such properties are evaluated as either proved or unproved. The net capitalized costs are subject to a ceiling limitation. Gains or losses upon disposition of oil and gas properties are treated as adjustments to capitalized costs, unless the disposition represents a significant portion of the Company's proved reserves.

Undeveloped oil and gas properties consists of ongoing exploratory drilling costs, for which no results have been obtained, and of leases and acreage that we acquire for our exploration and development activities. The cost of these non-producing leases is recorded at the lower of cost or fair market value.

At August 31, 2000 and May 31, 2001, our oil and gas properties consisted of the following:

	August 31,2000	May 31, 2001
Proved properties	$ --	$ 7,022,812
Undeveloped properties	11,293,589	13,995,563
Total	11,293,589	21,018,375
Depreciation, depletion, and amortization	--	(68,456)
Net oil and gas properties	$ 11,293,589	$ 20,949,919

Depreciation, depletion and amortization expense in the three and nine months ended May 31, 2001 is computed using reserve estimates we believe are reasonable and are based on the best information available. The DD&A expense as of May 31, 2001 has been estimated without benefit of a formal engineers reserve report. We will prepare our first reserve report in conjunction with our fiscal year end of August 31, 2001 and, accordingly, the amounts reflected at year end could differ from the estimates reflected in these financial statements.

We have adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of", which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the fiscal year ended August 31, 2000, we recorded an impairment loss of approximately $200,000. No impairment losses have been recorded during the three months or nine months ended May 31, 2001.

INCOME TAXES - We have adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

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

We are an independent oil and gas exploration company with a strategic focus on exploring for and developing significant oil and gas reserves in deep, structurally complex formations. To date, the primary focus of our activity has been in the San Joaquin Basin of California. We are involved in a number of high potential exploration projects in this area, the most notable being our East Lost Hills project. We initiated this project in 1997 and brought in industry partners in 1998. We also are active in the Rocky Mountain region, where we continue to acquire acreage positions in exploration areas we have identified as having significant oil and gas production and reserve potential.

Our activities have been focused on prospect generation, the acquisition of acreage, geological and geophysical work, securing partners, and drilling exploration wells. On February 6, 2001, we commenced our first production at East Lost Hills and we will prepare our first reserve report with respect to our August 31, 2001 fiscal year.

Our future financial results continue to depend primarily on (1) our ability to discover commercial quantities of oil and gas; (2) the market price for oil and gas; (3) our ability to continue to generate potential projects; and (4) our ability to fully implement our exploration and development program. There can be no assurance that we will be successful in any of these respects or that the prices of oil and gas prevailing at the time of production will be at a level allowing for profitable production.

We paid approximately $3,725,000 and $9,725,000 during the nine months ended May 31, 2000 and May 31, 2001, respectively, for drilling costs, delay rentals, acquisition of acreage, direct geological and geophysical costs, and other related direct costs with respect to our identified exploration and exploitation projects.

We currently anticipate that we will participate in the drilling of between three to six exploration/development wells during the next 12 months, although the number of wells may increase as additional projects are added to our portfolio. However, there can be no assurance that any wells will be drilled and if drilled that any of these wells will be successful.

It is anticipated that the future development of our business will require additional, and possibly substantial, capital expenditures. Depending upon the extent of success of our ability to sell additional prospects for cash, the level of industry participation in our exploration projects, and the continuing results at East Lost Hills and the deep Temblor exploration program, we anticipate spending a minimum of approximately $8 million for capital expenditures relating to exploration and development of our projects during calendar 2001. To limit additional capital expenditures, we intend to form industry alliances to exchange a portion of our interest for cash and/or a carried interest in our exploration projects. We may need to raise additional funds to cover capital expenditures. These funds may come from cash flow, equity or debt financing, or from sales of interests in our properties although there is no assurance continued funding will be available.

On March 9, 2001, we received net proceeds of approximately $11.45 million from a public offering of 1,450,000 shares of our common stock. We intend to use these funds primarily to fund exploitation and development of our East Lost Hills discovery.

At May 31, 2001, we had a working capital amount of approximately $12,195,000. We had no outstanding long-term debt at May 31, 2001 and had not entered into any commodity swap arrangements or hedging transactions. Although we have no current plans to do so, we may enter into commodity swap and/or hedging transactions in the future in conjunction with oil and gas production.

The following provides a summary update of our East Lost Hills project in the San Joaquin Basin of California.

On March 19, 2001, the previous operator, Berkley Petroleum Corporation, was acquired by Anadarko Petroleum Corporation and, effective on that date, Anadarko became the operator of the East Lost Hills project.

During the nine months ended May 31, 2001, we purchased an additional

1.5433% working interest at East Lost Hills to bring our total working interest in the East Lost Hills project to 12.1193%.

The ELH #1 well began production on February 6, 2001, from an interval between approximately 19,400 and 19,700 feet in the lower Temblor, and is currently the deepest producing well in the State of California. For the quarter ended May 31, 2001, the well produced approximately 632,000 mcf of gas and approximately 34,300 bbls of liquid hydrocarbons. Using a 6:1 equivalent basis to convert hydrocarbon liquids to gas, the ELH #1 produced approximately 838,000 mcfe, which equates to an average of 9.1 mmcfe per day. PYR's total net production was approximately 76,400 mcfe for the quarter. We have recorded revenues and expenses associated with this production for the quarter and nine months ended May 31, 2001. Production from the ELH #1 well has been constrained during the quarter due to downsteam factors including processing, marketing, water disposal, and periodic power outages related to California's ongoing energy shortages. We expect this periodic production curtailment to continue into the near future. The operator is exploring alternatives for processing, marketing and water disposal in an effort to avoid some of these curtailment issues.

The ELH #2 well, located approximately 1.5 miles northwest of the ELH #1 well, was drilled and cased to a total measured depth of 18,011 feet. Initial production testing, in early March, of the upper Temblor interval in the well resulted in limited wellbore influx of hydrocarbons (approximate flow rate of 3mmcf/d), higher than expected fluid content, and poorer than expected pressure response. Many of the initial production test results on the well have been influenced by mechanical difficulties associated with drillpipe that was inadvertently cemented across the testing interval. The partners have subsequently attempted a number of remedial completion operations to enhance the productivity and response of the well. The remedial efforts included acidizing the existing perforations, re-perforation, and perforation of additional zones. Results of these efforts are inconclusive at this time. The partners also undertook production logging of the productive interval to gain additional information and data related to reservoir performance and response. Analysis of these tests are under review. The partners are also currently evaluating the economics of production facilities and pipeline connection to produce the well. The partners will make a decision regarding hookup of the production or a possible sidetrack of the well after appropriate analysis.

The ELH #3R West Flank exploration well was drilled to a total measured depth of 21,769 feet to test the Temblor interval in a separate, seismically defined structure from the productive East Lost Hills structure. Due to steep dips encountered in the lower portion of the well, it was determined that the underlying secondary objective, the Point of Rocks formation, could not be reached in the existing wellbore. The well was plugged back to 19,370 feet measured depth for testing of the lower Temblor. Multiple zones in the lower Temblor section were perforated and tested in the well. Communication was established with the formation during testing and no hydrocarbons were recovered. The well has been suspended pending analysis of new seismic data and additional offset well information.

The ELH #4 well commenced drilling on November 26, 2000 at a location approximately 4 miles southeast of the ELH #1 well. This well is projected to drill to approximately 20,000 feet and test the lower Temblor interval. Intermediate casing was set at 17,009 feet and the well is currently drilling in the Temblor at approximately 19,800 feet.

The participants at East Lost Hills are preparing to commence drilling the

ELH #9 well located in Section 2, T27S-R21E, approximately 2 miles southeast of the ELH #4 well. This well is designed to test the continuation of the East Lost Hills structure in the south easterly direction. The ELH #9 well is expected to commence drilling on or about July 17, 2001 and is targeted to a total depth of 21,000 feet.

The Aera Energy LLC NWLH 1-22 exploration well located in Section 22, T25S-R20E is expected to commence drilling during August 2001. The participants in the East Lost Hills area of mutual interest can elect to participate in this well through a pooling arrangement. This well is designed to test the Temblor formation to a projected total depth of 20,000 feet. Aera Energy LLC will operate this well, which is approximately 3.5 miles northwest of the currently producing ELH #1 well. We have elected to participate in this well at an approximate 4.3% working interest.

During the first half of calendar 2001, the participants at East Lost Hills participated in the acquisition of approximately 165 square miles of 3D seismic data over the East Lost Hills structure and surrounding acreage. The data acquisition has been completed and the seismic data is currently being processed. Upon final interpretation of the data, the participants expect to be able to more accurately map the East Lost Hills structure and will use the data for selection of potential delineation and development well locations.

Results of Operations

The quarter ended May 31, 2001 compared with the quarter ended May 31, 2000.

Operations during the quarter ended May 31, 2001 resulted in net income of $459,201 compared to a net loss of $186,331 for the quarter ended May 31, 2000. The increase in operating net income is due to oil and gas operating revenues from production commencing at the ELH #1 well on February 6, 2001. In the prior year, none of our oil and gas properties was producing, and accordingly, no oil or gas revenues were recognized.

Oil and Gas Revenues and Expenses. Production commenced at the East Lost Hills #1 well on February 6, 2001. We recorded $738,004 from the sale of 57,376 mcf of natural gas for an average price of $12.86 per mcf and $84,989 from the sale of 3,166 bbls of hydrocarbon liquids for an average price of $26.84 per barrel during the quarter ended May 31, 2001. Operating expenses during this period were $16,042. We recorded no revenues or expenses from oil and gas operations for the quarter ended May 31, 2000. None of our oil or gas properties were producing before February 6, 2001.

Interest Income. We recorded $142,162 and $21,226 in interest income for the quarters ended May 31, 2001 and May 31, 2000, respectively. The increase in the quarter ended May 31, 2001 is attributable to interest earned on cash balances remaining from the common stock offering in March 2001.

Depreciation, Depletion and Amortization. We recorded $52,391 and $0 depreciation, depletion and amortization expense from oil and gas properties for the quarters ended May 31, 2001 and May 31, 2000, respectively. The increase is due to the commencement of production of the East Lost Hills #1 well on February 6, 2001. In the prior year, none of our oil and gas properties were producing and, therefore no DD&A expense was recognized. The DD&A expense in the quarter ended May 31, 2001 was estimated without benefit of a formal engineers reserve report. We will prepare our first reserve report in conjunction with our fiscal year end of August 31, 2001 and, accordingly, the amounts reflected at year end could differ from the estimates reflected in these financial statements. We recorded $5,537 and $4,581 in depreciation expense associated with capitalized office furniture and equipment during the quarters ended May 31, 2001 and May 31, 2000, respectively.

General and Administrative Expense. We incurred $370,021 and $202,917 in general and administrative expenses during the quarters ended May 31, 2001 and May 31, 2000, respectively. The increase is primarily attributable to unrecoverable financing costs and an increase in personnel and related salary expenses.

Interest Expense. We recorded no interest expense for the quarter ended May 31, 2001 and nominal interest expense for the quarter ended May 31, 2000.

The nine months ended May 31, 2001 compared with the nine months ended May 31, 2000.

Operations during the nine months ended May 31, 2001 resulted in net income of $266,820 compared to a net loss of $593,257 for the nine months ended May 31, 2000. The increase in operating net income is due to oil and gas operating revenues from production commencing at the ELH #1 well on February 6, 2001. Prior to February 6, 2001, none of our oil and gas properties was producing, and accordingly, no oil or gas operating revenues were recognized.

Oil and Gas Revenues and Expenses. We recorded $962,838 from the sale of 75,177 mcf of natural gas and $112,515 from the sale of 4,236 bbls of hydrocarbon liquids during the nine months ended May 31, 2001. Operating expenses during this period were $19,094. Production commenced at the ELH #1 well on February 6, 2001. We recorded no revenues or expenses from oil and gas operations for the nine months ended May 31, 2000. None of our oil and gas properties was producing prior to February 6, 2001.

Interest Income. We recorded $310,496 and $105,516 in interest income for the nine months ended May 31, 2001 and May 31, 2000, respectively. The increase is attributable to cash on hand during the nine months ended May 31, 2001 from the common stock private placement completed in August of 2000, as well as proceeds received from the public offering of common stock in March 2001.

Depreciation, Depletion and Amortization. We recorded $68,456 and $0 in depreciation, depletion and amortization expense from oil and gas properties for the nine months ended May 31, 2001 and May 31, 2000, respectively. The increase is due to production starting at the ELH #1 well on February 6, 2001. The DD&A expense in the nine months ended May 31, 2001 has been estimated without benefit of a formal engineers reserve report. We will prepare our first reserve report in conjunction with our fiscal year end of August 31, 2001 and, accordingly, the amounts reflected at year end could differ from the estimates reflected in these financial statements. In the prior year, none of our oil and gas properties were producing, therefore no oil and gas expenses were recorded. We recorded $14,448 and $13,838 in depreciation expense associated with capitalized office furniture and equipment during the nine months ended March 31, 2001 and March 31, 2000, respectively.

General and Administrative Expense. We incurred $955,068 and $684,755 in general and administrative expenses during the nine months ended May 31, 2001 and May 31, 2000, respectively. The difference is due to unrecoverable financing costs, increases in investor relations, and additional personnel and related salary expenses.

Interest Expense. We recorded no interest expense for the nine months ended May 31, 2001 and nominal interest expense for the nine months ended May 31, 2000.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities and Use of Proceeds; Recent Sales Of Unregistered Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were submitted to a vote of security holders at the annual meeting of stockholders which was held on June 18, 2001 and recessed until, and completed on July 2, 2001:

The stockholders voted to re-elect D. Scott Singdahlsen, Keith F. Carney, S.L. Hutchison and Bryce W. Rhodes to continue as directors of the Company. A total of 17,461,706 votes were represented with respect to this matter. At least 17,424,256 (99.8%) of the shares voted for each nominee, no shares voted against any nominee and the remaining shares abstained from voting.

A proposal to amend our Certificate of Incorporation to increase our authorized common stock to 75,000,000 shares was approved by the stockholders. A total of 17,462,213 votes were represented with a total of 17,401,422 (99.7%) shares voting for the proposal, 33,663 shares voting against the proposal and 27,128 shares abstaining from voting.

A proposal to reincorporate the Company under the laws of the State of Maryland was approved by the stockholders. A total of 13,293,964 votes were represented with a total of 13,179,693 (99.1%) shares voting for the proposal, 113,891 shares voting against the proposal and 380 shares abstaining from voting.

A proposal to amend our 2000 Stock Option Plan to increase from 500,000 to 1,500,000 the number of shares of common stock issuable pursuant to options granted under our 2000 Stock Option Plan was approved by the stockholders. A total of 17,462,213 votes were represented with a total of 17,244,386 (98.8%) shares voting for the proposal, 188,445 shares voting against the proposal and 29,382 shares abstaining from voting.

A proposal to ratify the selection of Wheeler Wasoff, P.C. as Certified Public Accountants was approved by the stockholders. A total of 17,462,213 votes were represented with a total of 17,459,365 (99.9%) shares voting for the proposal, 1,404 shares voting against the proposal and 1,444 shares abstaining from voting.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) During the Quarter ended May 31, 2001, we filed three reports on Form 8-K:

A Form 8-K was filed on March 12, 2001 reporting a news release dated March 12, 2001.
A Form 8-K was filed on March 20, 2001 reporting a news release dated March 20, 2001.
A Form 8-K was filed on April 17, 2001 reporting a news release dated April 17, 2001.

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SIGNATURES

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

Signatures	Title	Date
/s/ D. Scott Singdahlsen D. Scott Singdahlsen	President, Chief Executive Officer and Chairman Of The Board	July 16, 2001
/s/ Andrew P. Calerich Andrew P. Calerich	Vice-President and Chief Financial Officer	July 16, 2001