DAVIS WILLIAM GRENVILLE
Form 4
March 03, 2010

# FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

| | |
|---|---|
| OMB Number: | 3235-0287 |
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(Print or Type Responses)

1. Name and Address of Reporting Person *
DAVIS WILLIAM GRENVILLE

(Last) (First) (Middle)

1 FIRST AMERICAN WAY

(Street)

SANTA ANA, CA 92707

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIRST AMERICAN CORP [FAF]

3. Date of Earliest Transaction (Month/Day/Year)
03/03/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 03/03/2010 | | A | | 1,731 | A | $ 0 | 7,642 | D (1) (2) (3) (4) | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Nonemployee Director Stock Option (Right to Buy) | $ 47.49 | | | | | | | 12/08/2006 (5) | 12/08/2015 | Common Stock | 5,000 |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| DAVIS WILLIAM GRENVILLE<br>1 FIRST AMERICAN WAY<br>SANTA ANA, CA 92707 | X | | | |

# Signatures

| | |
|---|---|
| /s/ Jeffrey S. Robinson, Attorney-in-Fact for William G. Davis | 03/03/2010 |
| **Signature of Reporting Person | Date |

# Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes 1,731 shares acquired pursuant to a grant of restricted stock units vesting in three equal annual increments commencing 3/3/11, the first anniversary of the grant.

(2) Includes 2,565 unvested restricted stock units (including shares acquired through automatic dividend reinvestment) acquired pursuant to a grant of 2,489 restricted stock units vesting in three equal annual increments commencing 3/4/10, the first anniversary of the grant.

(3) Includes 1,208 unvested restricted stock units (including shares acquired through automatic dividend reinvestment) acquired pursuant to a grant of 1,707 restricted stock units vesting in three equal annual increments commencing 6/20/09, the first anniversary of the grant.

(4) Includes 380 unvested restricted stock units (including shares acquired through automatic dividend reinvestment) acquired pursuant to a grant of 1,049 restricted stock units vesting in three equal annual increments commencing 3/5/08, the first anniversary of the grant.

(5) The options vest 12/8/06, the first anniversary of the grant.

 nt style="DISPLAY: inline; FONT-SIZE: 10pt; FONT-FAMILY: Times New Roman">**Consolidated Statement of Shareholders ' 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.

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**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.

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**MILLER PETROLEUM, INC.**
**Notes to the Consolidated Financial Statements**

(1) Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Registrant's April 30, 2005 Annual Report on Form 10-KSB/A. The results of operations for the period ended January 31, 2006 are not necessarily indicative of operating results for the full year. In the opinion of management, the consolidated financial statements and other information furnished herein reflect all adjustments in fiscal year 2005 consisting of normal recurring accruals which are necessary for a fair presentation of the results of the interim periods covered by this report.

(2) RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Our Consolidated Financial Statements for the three months ended January 31, 2005 are restated in this Form 10-QSB to reflect a $22,000 amortization of prepaid financing costs and $110,000 in selling, general and administrative expenses to record stock issued for services. The effect of the restatements on net loss was to increase net loss by $132,000 for the three months ended January 31, 2005.

(3) LONG-TERM DEBT, WARRANTS, LOAN FEES AND RESTRICTED CASH

On May 9, 2005, we entered into a credit agreement, under which terms we received $4,150,000 in debt financing under two convertible promissory notes of $3,150,000 and $1,000,000, respectively. Repayment was to be made on or before June 30, 2006, with monthly interest-only payments during the interim. These notes were convertible into Common Stock at the lesser price of $1.50 per share or the price of Common Stock issued to investors in a future equity offering. The lenders were also granted registration rights to any shares issued on conversion of the notes.

The notes were secured by all of our assets and a security interest in a debt service account provided for by the agreement, under which $160,000 was placed in escrow to provide the lenders a reserve for future interest payments. When the loans were paid on December 27, 2005, the balance of $71,000 in the escrow account was released.

The loans were paid off on December 27, 2005 and, in connection with the payoff of the loans, we incurred fees of $281,897 and $523,523 for the three and nine months ended January 31, 2006, respectively, which were amortized to interest expense over the life of the loan.

To secure the funding, an aggregate total of 1,000,000 non-callable five year warrants exercisable at $0.50 per share, were also issued, with registration rights requiring us to register the Common Stock into which the warrants can be converted. The warrants were recorded, at fair value, as $370,392 of prepaid financing costs. Fair value was computed as the estimated present value at grant date of the warrants using the Black-Scholes option-pricing model with the following assumptions: expected volatility of 50%; a risk free interest rate of 4.50% and an expected option life of 2 years, six months. The options were amortized to interest expense over the term of the loan. The loans were paid off December 27, 2005, resulting in fees of $211,652 and $370,392, which were included in interest expense for the three and nine months ended January 31, 2006, respectively.

The loan agreement for the $4,150,000 debt financing provided for registration of the warrants by a certain date. The registration was not filed and made effective by the U.S. Securities and Exchange Commission ("SEC") by a certain date and we re-negotiated the penalty provision to provide for 40,000 additional warrants per month, beginning December 31, 2005 until the registration statement is filed and declared effective by the SEC. For the three and nine months ended January 31, 2006, 80,000 additional warrants were issued and were included in interest expense in the amount of $36,000.

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Interest expense in the financial statements for the three and nine months ended January 31, 2006 consisted of the following:

| | Three Months ended January 31, 2006 | Nine Months ended January 31, 2006 |
|---|---|---|
| Payments for interest | $ 161,446 | $ 389,835 |
| Loan cost | 281,897 | 523,524 |
| Warrants | 211,652 | 370,392 |
| Penalty warrants | 36,000 | 36,000 |
| | $ 690,995 | $ 1,319,751 |

(4) SHAREHOLDERS ' EQUITY

In addition to the warrants issued as discussed on Note 3, during the nine months ended January 31, 2006 we entered into five employment/service contracts wherein we agreed to issue 1,580,000 shares of Common Stock for compensation and services. As part of an employment agreement 500,000 shares of Common Stock were issued to our President under a three-year employment contract and 1,080,000 common shares were issued to consultants. Three of the contracts were completed or cancelled and two of the contracts require continued performance, one until September 9, 2007 and one until December 10, 2008. Of the $1,613,000 total value of the shares, $73,973 and $714,196 were reflected in selling, general and administrative expense for the quarters ended October 31, 2005 and January 31, 2006, respectively, and $824,831 has been deferred to the future periods covered by the agreements.

On December 23, 2005 we entered into a joint venture agreement (JV) with Wind City Oil & Gas, LLC to form Wind Mill Oil & Gas, LLC to explore, drill and develop certain oil and gas properties. The JV provides for Wind Mill Oil & Gas, LLC to repay us for our efforts involved in these activities and for our retention of a 49.9% interest in any resulting production.

As part of the agreement, Wind City Oil & Gas, LLC purchased 2,900,000 common shares for $4,350,000 on December 23, 2005. The stock purchase agreement contains a put whereby Wind City Oil & Gas, LLC can put the stock back to us until September 30, 2006. Because of this provision the Company has classified the stock as temporary equity, in accordance with Accounting Series Release (“ASR”) No. 268 and Emerging Issues Task Force (“EITF”) Topic D-98, which require that stock subject to rescission or redemption requirements outside the control of the Company to be classified outside of permanent equity.

Since the Company had a net loss for the three and nine months ended January 31, 2006 and for the nine months ended January 31, 2005, the assumed effects from the exercise of outstanding options and warrants would have been anti-dilutive. For the three months ended January 31, 2005, the change in earnings per share due to dilution is immaterial. Therefore, there are no diluted per share amounts in the 2005 and 2004 statements of operations.

(5) PARTICIPANT RECEIVABLES

Participant receivable consist of receivables contractually due from our various joint venture partners in connection with routine exploration, betterment and maintenance activities. The balance in participant receivables over 90 days old is approximately $75,000. Our collateral for these receivables generally consists of lien rights over the related oil producing properties. Approximately $99,000 is due from Wind Mill Oil & Gas, LLC, a related party.

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(6) RECENT ACCOUNTING PRONOUNCEMENTS

In March 2004, The Emerging Issues Task Force ("EITF") reached a consensus that mineral rights, as defined in EITF Issue No. 04-02, Whether Mineral Rights are "Tangible or Intangible Asset", are tangible assets and that they should be removed as examples of intangibles assets in SFAS Nos. 141 and 142. The FASB has recently ratified this consensus and directed the FASB staff to amend SFAS Nos. 141 and 142 through the issuance of FASB Staff Positions FSP FAS 141-1 and FSP FAS 142-1. Historically we have included the cost of such mineral rights as tangible assets, which is consistent with the EITF's consensus. As such, EITF 04-02 did not affect our Consolidated Financial Statements.

In December 2004, The FASB issued SFAS No. 123R, "Share-Based Payment." This statement is a revision to SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on the accounting for transactions. Companies will be required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service, the requisite service period (usually the vesting period), in exchange for the award. The grant date fair value of employee share options and similar instruments will be estimated using option-pricing models.

If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modifications for small business issuers. SFAS No. 123R will be effective for periods beginning after December 15, 2005. Accordingly, we will adopt SFAS No. 123R in our fourth quarter of fiscal 2006. We are currently evaluating the provisions of SFAS No. 123R and have not determined the impact that this Statement will have on its results of operations or financial position.

In April 2005, the FASB issued Staff Interpretation No. 19-1 ("FSP FAS 19-1") "Accounting for Suspended Well Costs", which provides guidance on the accounting for exploratory well costs and proposes an amendment to FASB Statement No. 19, Financial Accounting and Reporting By Oil and Gas Producing Companies. The guidance in FSP FAS 19-1 applies to enterprises that use the successful efforts method of accounting as described in FASB 19. Currently we have no exploration activities; therefore, the guidance in FSP FAS 19-1 does not impact the consolidated financial position, result of operations or cash flows.

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MILLER PETROLEUM, INC.
CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2005 and 2004

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors Miller Petroleum, Inc. and Subsidiary
Huntsville, Tennessee

We have audited the accompanying consolidated balance sheets of Miller Petroleum, Inc. and its subsidiary as of April 30, 2005 and April 30, 2004 and the related consolidated statements of operations, changes in shareholders ’ equity and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Miller Petroleum, Inc. and its Subsidiary as of April 30, 2005 and 2004, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company has restated its financial statements for the year ended April 30, 2004 to properly reflect transactions in its Common Stock.

/s/ Rodefer Moss & Co, PLLC

Knoxville, Tennessee
July 28, 2005

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Miller Petroleum, Inc.
Consolidated Balance Sheets

| | April 30, 2005 | Restated April 30, 2004 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| | | |
| Cash | $ 2,362 | $ 2,416 |
| Accounts receivable | 182,951 | 117,167 |
| Current portion of note receivable | 47,000 | 18,875 |
| Inventory | 67,389 | 50,911 |
| Deferred offering costs | 88,842 | 88,842 |
| Prepaid expenses | — | 66,590 |
| Total Current Assets | 388,544 | 344,801 |
| | | |
| FIXED ASSETS | | |
| Machinery | 941,601 | 1,036,802 |
| Vehicles | 333,583 | 385,465 |
| Buildings | 313,335 | 313,335 |
| Office equipment | 72,549 | 72,549 |
| Less: accumulated depreciation | (939,579) | (905,531) |
| Total Fixed Assets | 721,489 | 902,620 |
| | | |
| OIL AND GAS PROPERTIES | 2,941,832 | 2,638,005 |
| (On the basis of successful efforts accounting) | | |
| | | |
| PIPELINE FACILITIES | 206,298 | 218,637 |
| | | |
| OTHER ASSETS | | |
| Land | 496,500 | 511,500 |
| Investments | 500 | 500 |
| Well equipment and supplies | 431,462 | 443,942 |
| Long-term notes receivable | — | 56,338 |
| Cash - restricted | 71,000 | 71,000 |
| Total Other Assets | 999,462 | 1,083,280 |
| TOTAL ASSETS | $ 5,257,625 | $ 5,187,343 |

See notes to consolidated financial statements.

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MILLER PETROLEUM, INC.
Consolidated Balance Sheets

| | April 30, 2005 | Restated April 30, 2004 |
|---|---|---|
| LIABILITIES AND SHAREHOLDERS ' EQUITY | | |
| CURRENT LIABILITIES | | |
| | | |
| Accounts payable - trade | $ 330,620 | $ 335,556 |
| Accrued expenses | 224,306 | 116,011 |
| Current portion of notes payable | | |
| Related parties | — | 1,360,000 |
| Other | — | 176,624 |
| Total Current Liabilities | 554,926 | 1,988,191 |
| | | |
| LONG-TERM LIABILITIES | | |
| | | |
| Notes payable | | |
| Related parties | 1,673,693 | 269,230 |
| Other | 655,646 | 616,739 |
| Total Long-Term Liabilities | 2,329,339 | 885,969 |
| Total Liabilities | 2,884,265 | 2,874,160 |
| | | |
| SHAREHOLDERS ' EQUITY | | |
| | | |
| Common Stock: 500,000,000 shares authorized at $0.0001 par value, 9,396,856 and 8,378,856 shares issued and outstanding | 939 | 838 |
| Additional paid-in capital | 4,495,498 | 4,173,998 |
| Accumulated deficit | (2,123,077) | (1,861,653) |
| Total Shareholders ' Equity | 2,373,360 | 2,313,183 |
| TOTAL LIABILITIES AND SHAREHOLDERS ' EQUITY | $ 5,257,625 | $ 5,187,343 |

See notes to consolidated financial statements.

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MILLER PETROLEUM, INC.
Consolidated Statements of Operations

| | For the Year Ended April 30, 2005 | Restated For the Year Ended April 30, 2004 |
|---|---|---|
| REVENUES | | |
| Oil and gas revenue | $ 784,409 | $ 773,033 |
| Service and drilling revenue | 245,627 | 1,193,762 |
| Total Revenue | 1,030,036 | 1,966,795 |
| | | |
| COSTS AND EXPENSES | | |
| Oil and gas cost | 177,287 | 228,301 |
| Service and drilling cost | 82,730 | 765,673 |
| Selling, general and administrative | 604,040 | 567,112 |
| Depreciation, depletion and amortization | 366,279 | 233,439 |
| Total Costs and Expenses | 1,230,336 | 1,794,525 |
| | | |
| INCOME (LOSS) FROM OPERATIONS | (200,300) | 172,270 |
| | | |
| OTHER INCOME (EXPENSE) | | |
| Interest income | 875 | 1,918 |
| Gain on sale of equipment | 157,562 | 42,897 |
| Interest expense | (219,561) | (228,436) |
| Total Other Expense | (61,124) | (183,621) |
| | | |
| INCOME TAXES | — | — |
| NET LOSS | $ (261,424) | $ (11,351) |
| BASIC AND DILUTED LOSS PER SHARE | $ (0.03) | $ (0.00) |
| BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 9,030,738 | 8,350,048 |

See notes to consolidated financial statements.

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MILLER PETROLEUM, INC.
Consolidated Statements of Shareholders' Equity

| | Common Shares | Shares Amount | Additional Paid-in Capital | Accumulated Deficit | Total |
|---|---|---|---|---|---|
| Restated balance, April 30, 2003 | 8,293,856 | $ 830 | $ 4,000,871 | ($1,850,302) | $ 2,151,399 |
| Issuance of shares in connection with deferred offering | 85,000 | 8 | 88,834 | — | 88,842 |
| Issuance of warrants as prepayment of financing costs | — | — | 59,293 | — | 59,293 |
| Issuance of options for services | — | — | 25,000 | — | 25,000 |
| Net loss for the year ended April 30, 2004 | — | — | — | (11,351) | (11,351) |
| Restated balance, April 30, 2004 | 8,378,856 | 838 | 4,173,998 | (1,861,653) | 2,313,183 |
| Sales of restricted shares for cash at discounts from market for free-trading shares | 275,000 | 27 | 79,974 | — | 80,001 |
| Issuance of restricted shares for services at prevailing discounts from market for free trading shares | 113,000 | 11 | 42,589 | — | 42,600 |
| Issuance of restricted shares for leasehold interests in mineral rights at prevailing discount from market price for free-trading shares | 500,000 | 50 | 105,950 | — | 106,000 |
| Issuance of shares for cash | 20,000 | 2 | 15,998 | — | 16,000 |
| Issuance of shares for services | 110,000 | 11 | 76,989 | — | 77,000 |
| Net loss for the year ended April 30, 2005 | — | — | — | (261,424) | (261,424) |
| Balance April 30, 2005 | 9,396,856 | $ 939 | $ 4,495,498 | $ (2,123,077) | $ 2,373,360 |

See notes to consolidated financial statements.

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MILLER PETROLEUM, INC.
Consolidated Statements of Cash Flows

| | April 30, 2005 | Restated April 30, 2004 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (261,424) | $ (11,351) |
| Adjustments to Reconcile Net Loss to | | |
| Net Cash Provided by Operating Activities: | | |
| Depreciation, depletion and amortization | 393,061 | 265,950 |
| Gain on sale of equipment | (157,562) | (42,897) |
| Options issued in exchange for services | — | 25,000 |
| Common Stock issued in exchange for services | 119,600 | — |
| Changes in Operating Assets and Liabilities: | | |
| Increase in accounts receivable | (65,784) | (8,894) |
| Increase in inventory | (16,478) | (13,092) |
| Decrease (increase) in prepaid expenses | 39,808 | (10,398) |
| Increase (decrease) in accounts payable | (4,936) | 121,729 |
| Increase in accrued expenses | 108,295 | 31,820 |
| Net Cash Provided by Operating Activities | 154,580 | 357,867 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of investments | — | 12,812 |
| Proceeds from sale of land | 15,000 | — |
| Purchase of equipment | (1,500) | (113,834) |
| Purchase of oil and gas properties | (386,687) | (565,779) |
| Proceeds from sale of equipment | 187,682 | 392,499 |
| Decrease in restricted cash | — | 3,000 |
| Changes in note receivable | 28,125 | 14,201 |
| Net Cash Used by Investing Activities | (157,380) | (257,101) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of stock | 96,001 | — |
| Payments on Notes Payables | (137,716) | (502,376) |
| Proceeds from borrowings | 44,461 | 400,662 |
| Net Cash Provided (Used) by Financing Activities | 2,746 | (101,714) |
| | | |
| NET DECREASE IN CASH | (54) | (948) |
| | | |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,416 | 3,364 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 2,362 | $ 2,416 |

See notes to consolidated financial statements.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Basis of Presentation

These consolidated financial statements include the accounts of Miller Petroleum, Inc. (“The Company”) formerly Triple Chip Systems, Inc. and the accounts of its subsidiary, Miller Pipeline Company, Inc. All inter-company balances have been eliminated in consolidation.

The Company’s principal business consists of oil and gas exploration, production and related property management in the Appalachian region of eastern Tennessee and in the state of Texas. The Company’s corporate offices are in Huntsville, Tennessee. The Company operates as one reportable business segment, based on the similarity of activities. The Company formed Miller Pipeline Corporation Inc. (“MPC, Inc.”), a wholly-owned subsidiary, to manage the construction and operation of the gathering system used to transport natural gas to market.

b. Accounting Method

The Company follows the successful efforts method of accounting for its oil and gas activities. Accordingly, costs associated with the acquisition, drilling and equipping of successful exploratory wells are capitalized. Geological and geophysical costs, delay and surface rentals and drilling costs of unsuccessful exploratory wells are charged to expense as incurred. Costs of drilling development wells are capitalized. Upon the sale or retirement of oil and gas properties, the cost thereof and the accumulated depreciation or depletion are removed from the accounts and any gain or loss is credited or charged to operations.

Depreciation, depletion and amortization of capitalized costs of proved oil and gas properties is provided on a field by field basis using the units-of-production method based upon proved reserves. Acquisition costs are amortized by using total proved reserves as the denominator. Development costs are amortized using proved developed reserves, rather than total proved reserves, as the denominator.

Pipeline and facilities are stated at original cost. Depreciation of pipeline and facilities is provided on a straight-line basis over the estimated useful life of the pipeline of forty years.

c. Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of SFAS 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” requires that an asset be evaluated for, impairment when the carrying amount of an asset exceeds the sum of the undiscounted estimated future cash flows of the asset. In accordance with the provisions of SFAS 144, the Company reviews the carrying values of its long-lived assets whenever events or changes in circumstances indicate that such carrying values may not be recoverable. If, upon review, the sum of the undiscounted pretax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Individual assets we grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets, generally on a field-by-field basis. The fair value of impaired assets is determined based on quoted market prices in active markets, if available, or upon the present values of expected future cash flows using discount rates commensurate with the risks involved in the asset group. The long-lived assets of the Company, which are subject to evaluation, consist primarily of oil and gas properties. For the years ended April 30, 2005 and 2004 the Company has recognized no charges or allowances for impairment.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Net earnings (loss) per share:

The Company presents “basic” earnings (loss) per share and, if applicable, “diluted” earnings per share pursuant to the provisions of Statement of Financial Accounting Standards No. 128. “Earnings Per Share.” Basic earnings (loss) per share is calculated by dividing net income or loss by the weighted average number of common shares outstanding during each period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, such as those issuable upon the exercise of stock options and warrants, were issued during the period.

Since the Company had a net loss for the years ended April 30, 2005 and 2004, the assumed effects of the exercise of the options and warrants to purchase 555,177 and 2,435,672 and shares of Common Stock that were outstanding at April 30, 2005 and 2004, respectively, and the application of the treasury stock method would have been anti-dilutive. Therefore, there are no diluted per share amounts in the 2005 and 2004 statements of operations.

e. Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

f. Principles of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary MPC, Inc. All significant intercompany transactions have been eliminated.

g. Fixed Assets

Fixed assets are stated at cost. Depreciation and amortization are computed using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives are as follows:

| Class | Lives (Years) |
|---|---|
| Building | 40 |
| Machinery and equipment | 5-20 |
| Vehicles | 5-7 |
| Office equipment | 5 |

Depreciation expense for the years ended April 30, 2005 and 2004 was $120,419 and $182,047 respectively.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Revenue Recognition

Oil and gas production revenue is recognized as income as production is extracted and sold. Service and drilling income is recognized at the time it is both earned and we have a contractual right to receive the revenue. Turnkey contracts not completed at year end are reported on the completed contract method of accounting. There were no uncompleted contracts at the end of fiscal 2005 and 2004. Retail sales of various parts and equipment is recognized as income at the time the item is sold and, under the 10% rule, has been combined with service and drilling revenue.

i. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primary cash and cash equivalents and accounts receivable. The Company places its cash investments, which at times may exceed federally insured amounts, in highly rated financial institutions.

Accounts receivable arise from sales of gas and oil, equipment and services. Credit is extended based on the evaluation of the customer's creditworthiness, and generally collateral is not required. Accounts receivable more than 45 days old are considered past due. The Company does not accrue late fees or interest income on past due accounts. Management uses the aging of accounts receivable to establish an allowance for doubtful accounts. Credit losses are written off to the allowance at the time they are deemed not to be collectible. Credit losses have historically been minimal and within management's expectations. The allowance for doubtful accounts was $6,944 and $8,684 at April 30, 2005 and 2004, respectively. Accounts receivable more than 90 days old were $32,498 at April 30, 2005 and $ 22,722 at April 30, 2004.

j. Inventory

Inventory consists primarily of crude oil in tanks and is carried at market value.

k. Well Equipment and Supplies

Well equipment represents equipment held by the Company and is carried at salvage value. When well equipment is acquired by the Company in basket purchases, the cost is applied only to the marketable portion of the equipment.

l. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The most significant assumptions are for asset retirement obligation liabilities and estimated reserves of oil and gas. Oil and gas reserve estimates are developed from information provided by the Company's management to Netherland Sewell and Associates, Inc., of Dallas Texas ("NSAI") and Glover Petroleum Consultants, of Crossville, Tennessee ("Glover"), for the years ended April 30, 2005 and 2004, respectively. In 2005, management's estimate of its proved reserves was revised downward from approximately 350,000 barrels of oil to about 94,000, and its proved reserves estimates for natural gas were revised from about 8,700,000 thousand cubic feet ("Mcf") to about 1,200,000 Mcf. This revision was the result primarily of NSAI's reclassification of proved reserves to probable and possible reserves. While reserves are not reflected on the Company's balance sheet, the revision in estimate did affect the 2005 depletion expense associated with its oil and gas properties, which is calculated on the basis of proved reserves only. The change was accounted for as a revision in an estimate, and the effect on net income was approximately $160,000 or $0.02 per basic diluted share of Common Stock.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Reclassifications

Certain amounts and balances pertaining to the April 30, 2004 financial statements have been reclassified to conform with the April 30, 2005 financial statement presentations.

n. Stock Warrants

The Company measures its equity transactions with non-employees using the fair value based method of accounting prescribed by Statement of Financial Accounting Standards No. 123. The Company continues to use the intrinsic value approach as prescribed by APB Opinion No. 25 in measuring equity transactions with employees.

o. Income Taxes

The Company accounts for income taxes using the "asset and liability method." Accordingly, deferred tax liabilities and assets are determined based on the temporary differences between the financial reporting and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets arise primarily from net operating loss carry forwards. Management evaluates the likelihood of realization of such assets at year-end reserving any such amounts not likely to be recovered in future periods.

p. Recent Accounting Pronouncements

In June 2003, the FASB approved SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. SFAS 150 did not have an effect on the Company's financial position.

In December 2003, the FASB issued a revised interpretation No 46, "Consolidation of Variable Interest Entities." The interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain types of entities. Adoption did not have an impact on the Company's financial statements.

In March 2004, The Emerging Issues Task Force ("EITF") reached a consensus that mineral rights, as defined in EITF Issue No. 04-02, "Whether Mineral Rights are Tangible or Intangible Asset," are tangible assets and that they should be removed as examples of intangible assets in SFAS Nos. 141 and 142. The FASB has recently ratified this consensus and directed the FASB staff to amend SFAS Nos. 141 and 142 through the issuance of FASB Staff Positions FSP FAS 141-1 and FSP FAS 142-1. Historically the Company has included the cost of such mineral rights as tangible assets, which is consistent with the EITF's consensus. As such, EITF 04-02 is not expected to affect the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." This statement is a revision to SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on the accounting for transactions in which an entity obtains employee services in share-based payment transactions. Companies will be required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service, the requisite service period (usually the vesting period), in exchange for the

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

award. The grant date fair value of employee share options and similar instruments will be estimated using option-pricing models.

If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modifications for small business issuers. SFAS No. 123R will be effective for periods beginning after December 15, 2005. Accordingly, the Company will adopt SFAS No. 123R in its fourth quarter of fiscal 2006. The Company is currently evaluating the provisions of SFAS No. 123R and has not determined the impact that this Statement will have on its results of operations or financial position.

In April 2005, the FASB issued Staff Interpretation No. 19-1 FSP FAS 19-1 (“FSP 19-1”) “Accounting for Suspended Well Costs,” which provides guidance on the accounting for exploratory well costs and proposes an amendment to FASB Statement No. 19 (“FASB 19”), “Financial Accounting and Reporting By Oil and Gas Producing Companies.” The guidance in FSP 19-1 applies to enterprises that use the successful efforts method of accounting as described in FASB 19. The guidance in FSP 19-1 is not expected to impact the consolidated financial position, result of operations or cash flows.

q. Major Customers

The Company depends upon local purchasers of hydrocarbon in the areas where its properties are located. The Company has three major customers. The loss of one or more purchasers may substantially reduce its sales and ability to operate profitably. These major customers are:

Delta Producers, Inc. accounted for $406,246 of the Company’s total revenue which was about 39% of the Company’s total revenue.

Nami Resources, LLC accounted for $79,111 of the Company’s total revenue which was about 8% of the Company’s total revenue.

South Kentucky Purchasing Co. - South Kentucky accounted for $256,235 of the Company’s total revenue which was about 25% of the Company’s total revenue. South Kentucky purchases all of the Company’s crude oil.

NOTE 2 - RESTATEMENT OF FINANCIAL STATEMENTS

The Company previously issued its financial statements as of and for the year ended April 30, 2004, which were included in its Form 10KSB filed on July 29, 2004. The filing included a report, dated July 20, 2004, which expressed an unqualified opinion on those statements by independent accountants who had not registered with the Public Companies Accounting Oversight Board (PCAOB). Additionally, the report, failed to note the conduct of the audit in accordance with the standards of the PCAOB. Because of these failures, the Company’s financial reporting was not in compliance with rules established by the Securities Exchange Commission, and accordingly, the Company engaged other auditors to conduct a PCAOB-compliant audit of its April 30, 2004 financial statements.

In connection with the PCAOB-compliant audit of the 2004 financial statements, management identified errors in amounts previously reported in the Company's financial statements for the years ended April 30, 2002, 2003 and 2004. The Company made an error in failing to record, in total, bad debt expense of approximately $237,500 in relation to the non-payment of a stockholder receivable in 2002, resulting in a misstatement of retained earnings in

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 2 - RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)

2002, 2003 and 2004. In 2004 the Company's previously issued financial statements failed to include compensation and interest expense of approximately $57,000 in connection with issuances of options and warrants. The Company, therefore, is restating its financial statements beginning with financial position at April 30, 2002 and including its annual financial statements for 2003 and 2004.

NOTE 3 - STATEMENTS OF CASH FLOWS SUPPLEMENTAL DISCLOSURE

| | | 2005 | | 2004 |
|---|---|---|---|---|
| CASH PAID FOR: | | | | |
| Interest | $ | 70,990 | $ | 195,919 |
| Income Taxes | | — | | — |
| | | | | |
| NON-CASH FINANCING ACTIVITIES: | | | | |
| Financing costs from issuance of warrants | | — | | 59,293 |
| Common Stock issued for deferred offering costs | | — | | 88,842 |
| Stock issued for mineral rights | | 106,000 | | — |
| Common Stock issued for services | | 119,600 | | — |
| Conversion of account to note payable | | — | | 250,689 |
| Amortization of prepaid interest | | 26,786 | | 32,511 |

NOTE 4 - DEFERRED OFFERING COST

Through April 30, 2004, the Company issued 85,000 shares of its Common Stock valued at approximately $89,000 in connection with a proposed public offering of its Common Stock. In June, 2004, the Company postponed its proposed public offering due to market conditions. If the proposed offering were to be permanently abandoned, the costs incurred would be charged to expense in the period the decision is made. If the proposed offering is successful, the contribution to shareholders' equity will be reduced by these costs.

NOTE 5 - OIL AND GAS PROPERTIES - PIPELINE FACILITIES

The Company uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, and to drill and equip development wells are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed. The Company amortizes the oil and gas properties using the unit-of-production method based on total proved reserves. The Company capitalized $549,687 and $565,779 of oil and gas properties for the years ended April 30, 2005 and 2004, respectively, and recorded $245,860 and $43,800 of amortization expense for the years ended April 30, 2005 and 2004, respectively.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 6 - LONG-TERM DEBT AND SUBSEQUENT EVENT

The Company had the following debt obligations at April 30, 2005 and April 30 2004

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Note payable to First National Bank of Oneida secured by stock and equipment, bearing interest at 7.50% due in quarterly payments of $15,000 on January 14, 2006. | $ | 85,097 | $ | 136,650 |
| Note payable to American Fidelity Bank secured by equipment, bearing interest at 4.00% due in monthly payments of $2,272 with final payment due in August 2008. | $ | 353,891 | $ | 366,724 |
| Line of credit payable to First National Bank of the Cumberlands, secured by equipment and accounts receivable, bearing interest at 10.388% due on October 12, 2005. | $ | 16,835 | $ | 19,380 |
| Note payable to supplier secured by assignment of royalty income from five gas wells in Campbell County, Tennessee, interest at prime 5.75% at April 30, 2005. | $ | 199,824 | $ | 250,688 |

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 6 - LONG-TERM DEBT AND SUBSEQUENT EVENT (Continued)

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Note payable to related party, unsecured, interest at 7.00% with payments due yearly with the principle due in May of 2005. | $ | 59,692 | $ | 15,230 |
| Note payable to related party secured by twelve oil and gas wells, bearing interest at 9.00% and requiring interest payments quarterly with principle due in December 2004. | $ | 1,110,000 | $ | 1,110,000 |
| Note payable to related party bearing interest at 8.00% with principle due in December 2005. | $ | 254,000 | $ | 254,000 |
| Note payable to related party secured by twelve oil and gas wells, bearing interest at 9.00% and requiring interest payments quarterly with principle due in December 2004. | $ | 250,000 | $ | 250,000 |
| Note payable to Home Federal Bank secured by equipment, bearing interest at 9.75% due in monthly payments with final payment due in August 2005 | | — | $ | 7,001 |
| Note payable to General Motors Acceptance Corporation secured by a pickup truck, bearing interest at 0.00% due in monthly payments of $721 with final payment due in October 2004. | | — | $ | 5,768 |
| Note payable to General Motors Acceptance Corporation Secured by a Suburban, bearing interest at 0.00% due in monthly payments of $894 with final payment due in October 2004. | | — | $ | 7,152 |
| Total notes payable | $ | 2,329,339 | $ | 2,422,593 |
| Less current maturities | | — | | 1,536,624 |
| Notes payable - long-term | $ | 2,329,339 | $ | 885,969 |

On May 9, 2005 the Company entered into a credit agreement with Prospect Energy Corporation, Inc. (“Prospect”) and Petro Capital III, LP (“Petro”). Under the agreement, the Company received an aggregate of $4,150,000 in debt financing under two convertible promissory notes with Prospect and Petro, for $3,150,000 and $1,000,000, respectively. Proceeds from this borrowing were used to satisfy the obligations existing at the balance sheet date. Accordingly, the maturities reflected above represent the maturities of the debt entered into subsequent to April 30, 2005.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 6 - LONG-TERM DEBT AND SUBSEQUENT EVENT (Continued)

The notes are due on June 30, 2006, with interest only payments accruing at 12% during the interim. The notes are convertible into Common Stock at the lesser price of $1.50 per share or the price of Common Stock issued to investors in a planned equity offering of the Company. The notes contain restrictive covenants pertaining to debt to equity, asset and liquidity ratios, and imposes other affirmative conditions upon the Company. Upon event of default, the interest rate of the notes reset to the highest rate allowed by law.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company has a note payable to Sharon Miller (wife of Deloy Miller, majority stockholder) for $59,693 at April 30, 2005. The note is payable with a principle payment of $59,693 due in May 2006. The note is the balance remaining on the original purchase of the property that houses the Company's offices.

The Company issued a note payable of $1,110,000 and $250,000 on August 13, 2003 at 9% with a one year term to Sherri Ann Parker Lee and William Parker Lee respectively. This note payable was issued to raise working capital. The related party notes were due to members of the Company's board of directors or their immediate families.

NOTE 8 - ASSET RETIREMENT OBLIGATION

In 2001, the Financial Accounting Standards Board approved the issuance of SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement requires companies to record the present value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. The liability is capitalized as part of the related long-lived asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. The Company's asset retirement obligations relate primarily to the plugging, dismantlement, removal, site reclamation and similar activities of its oil and gas properties. Prior to adoption of this statement, such obligations were accrued ratably over the productive lives of the assets through its liability for such amounts. The Company adopted SFAS 143 beginning on May 1, 2003 and using a credit-adjusted risk free rate of 12%, an estimated useful life of wells ranging from five to forty-five years and estimated plugging and abandonment cost of $1,000 per well, the Company recorded a non-cash charge related to the cumulative effect of a change in accounting principle of $7,592

The changes in the Company's liability from adoption at July 1, 2004 to April 30, 2005 were as follows:

| | | |
|---|---|---|
| Liability from adoption of SFAS No. 143 May 1, 2003 | $ | 11,538 |
| Accretion expense for 2004 | | 1,768 |
| Asset retirement obligation as of December 31, 2003 | | 13,306 |
| Accretion expense for 2004 | | 1,890 |
| Asset retirement obligation as of December 31, 2004 | $ | 15,196 |

Explanation of Responses:

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 9 - INCOME TAXES

The Company provides deferred income tax assets and liabilities using the liability method for temporary differences between book and taxable income.

A reconciliation of the statutory U. S. Federal income tax and the income tax provision included in the accompanying consolidated statements of operations is as follows:

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Federal statutory rate | | 34% | | 34% |
| Federal tax benefit at statutory rate | $ | 89,000 | $ | 13,000 |
| State income tax benefit | | 19,600 | | 2,800 |
| Increase in deferred tax asset and valuation allowance | $ | 108,600 | $ | 15,800 |

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Net operating loss carryforward | $ | 1,451,000 | $ | 1,362,000 |
| | | 1,451,000 | | 1,362,000 |
| Valuation allowance | | (1,451,000) | | (1,362,000) |
| Net deferred taxes | $ | — | $ | — |

The Company recorded a valuation allowance at April 30, 2005, and 2004 equal to the excess of deferred tax assets over deferred tax liabilities, as management is unable to determine that these tax benefits are more likely than not to be realized.

The Company had available, to offset taxable income, cumulative net operating loss carry forwards arising from the periods since the year ended April 30, 1989 of approximately $ 4,000,000 at April 30, 2005. The carry forwards begin expiring in 2005.

NOTE 10 - SHAREHOLDERS ' EQUITY

During the year ended April 30, 2004, the Company issued 85,000 shares for services in connection with a planned offering. The Company recorded $88,842 in deferred offering costs on its balance sheet in connection with the transaction.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 10 - SHAREHOLDERS ’ EQUITY (Continued)

In August 2003, the Company issued 1,110,000 warrants to Sherri Ann Parker Lee and 250,000 warrants to William Parker Lee. The warrants were issued along with the note payable to them dated August 13, 2003 and can be exercised for $0.80 per share, and expired on January 1, 2005. The warrants were recorded as $59,293 of prepaid financing costs and will be amortized to interest expense over the term of the loan. Interest expense connected with the warrants was $26,782 for the year ended April 30, 2005.

In March 2004, the Company issued 100,000 options in exchange for services. The warrants can be exercised for $0.50 per share, and expire in March 2006. In connection with the transaction the Company recorded an expense of $25,000.

During the year ended April 30, 2005, the Company issued 130,000 free trading shares of its Common Stock for cash and services valued at $93,000. Also during fiscal 2005, the Company sold 275,000 restricted Common Stock in private placements for proceeds of $80,000. The sales transpired at discounts ranging from 66% to 43% from prices prevailing for free-trading shares.

Further, the Company issued 113,000 restricted shares of its Common Stock in exchange for services and 500,000 shares of its restricted Common Stock for leasehold interests in oil and gas properties at a discount of 60% from prices prevailing for free-trading shares.

Additionally, the Company has warrants and options outstanding from prior periods. All warrants must be adjusted in the event of any forward or reverse split of outstanding Common Stock. The warrants have no voting rights or liquidation preferences, unless exercised in accordance with the particular warrant.

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MILLER PETROLEUM, INC.
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NOTE 10 - SHAREHOLDERS ' EQUITY (Continued)

Information regarding the warrants at April 30, 2005 and 2004 is as follows:

| | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|
| | Weighted Shares | | Average Exercise Price | Weighted Shares | | Average Exercise Price |
| Options outstanding, beginning of year | 2,235,000 | $ | 0.88 | 875,000 | $ | 1.19 |
| Options canceled | 1,695,000 | | 0.77 | 100,000 | | 2.00 |
| Options exercised | — | | n/a | — | | n/a |
| Options granted | — | | 0.00 | 1,460,000 | $ | 0.78 |
| Options outstanding, end of year | 540,000 | $ | 1.30 | 2,235,000 | $ | 0.88 |
| Options exercisable, end of year | 540,000 | $ | 1.30 | 2,435,672 | $ | 0.88 |
| Option price range, end of year | | $ | 0.50 to 2.00 | | $ | 0.46 to 2.00 |
| Option price range, exercised shares | | | n/a | | | n/a |
| Options available for grant at end of year | | | n/a | | | n/a |
| Weighted average fair value of options granted during the year | | | n/a | | $ | 0.05 |

For non-employees, the fair value of stock options used to compute pro forma net loss and loss per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model with the following weighted average assumptions for 2004. Expected volatility of 40%; a risk free interest rate of 3.00% and an expected option life of 1 year, five months.

NOTE 11 - CONTINGENCIES

The Company's activities are subject to federal, state and local laws and regulations governing environmental quality and pollution control in the United States. The company cannot predict what effect future regulations or legislation, enforcement policies, and claims for damages to property, employees, other persons and the environment resulting from the Company's operations could have on its activities. Although no assurances can be made, the Company's management believes that absent the occurrence of an extraordinary event, compliance with existing laws, rules and regulations regulating the release of materials in the environment or otherwise relating to the protection of the environment will not have a material effect upon the Company's financial position.

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 12 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount reported on the balance sheet for cash, accounts and notes receivable, accounts payable and accrued liabilities approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying value of notes payable approximate fair value due to the settlement at carrying value of these obligations subsequent to the balance sheet date (see Note 6, Long Term Debt).

NOTE 13 - S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES (Unaudited)

(1) Capitalized Costs Relating to Oil and Gas Producing Activities at April 30, 2005 and 2004 is as follows:

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Proved oil and gas properties and related lease equipment | | | | |
| | | | | |
| Developed | $ | 3,841,996 | $ | 3,362,316 |
| Non-developed | | 31,053 | | 31,053 |
| | | 3,873,049 | | 3,393,369 |
| Accumulated depreciation and depletion | | (931,217) | | (755,364) |
| Net Capitalized Costs | $ | 2,941,832 | $ | 2,638,005 |

(2) Costs Incurred in Oil and Gas Property Acquisition, Exploration, and Development Activities

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Acquisition of Properties Proved and Unproved | $ | — | $ | — |
| Exploration Costs | | — | | — |
| Development Costs | | 549,687 | | 565,779 |
| Total | $ | 549,687 | $ | 565,779 |

(3) Results of Operations for Producing Activities

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Production revenues | $ | 784,409 | $ | 773,033 |
| Production costs | | 177,287 | | 228,301 |
| Depreciation and amortization | | 245,860 | | 43,800 |
| Results of operations for producing activities (excluding corporate overhead and interest costs) | $ | 361,262 | $ | 500,932 |

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MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements
April 30, 2005 and 2004

NOTE 13 - S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES (Unaudited) (Continued)

(4) Reserve Quantity Information

The following schedule estimates proved oil and natural gas reserves attributable to the Company. Proved reserves are estimated quantities of oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those which are expected to be recovered through existing wells with existing equipment and operating methods. Reserves are stated in barrels of oil (Bbls) and thousands of cubic feet of natural gas (Mcf). Geological and engineering estimates of proved oil and natural gas reserves at one point in time are highly interpretive, inherently imprecise and subject to ongoing revisions that may be substantial in amount. Although every reasonable effort is made to ensure that the reserve estimates reported represent the most accurate assessments possible, these estimates are by their nature generally less precise than other estimates presented in connection with financial statement disclosures.

| | Oil (Bbls) | Gas (Mcf) |
|---|---|---|
| Proved reserves | | |
| Balance, April 30, 2003 | 208,821 | 5,365,057 |
| Discoveries and extensions | 68,903 | 718,160 |
| Revisions of previous estimates | 79,169 | 2,642,073 |
| Productions | (5,957) | (28,771) |
| Balance, April 30, 2004 | 350,936 | 8,696,519 |
| Discoveries and extensions | 35,400 | 220,000 |
| Revisions of previous estimates | (284,979) | (7,592,419) |
| Production | (7,532) | (74,534) |
| Balance, April 30, 2005 | 93,825 | 1,249,566 |
| Proved developed producing reserves at April 30, 2005 | 60,734 | 697,916 |
| Proved developed producing reserves at April 30, 2004 | 62,106 | 1,035,850 |

In addition to the proved developed producing oil and gas reserves reported in the geological and engineering reports, the Company holds ownership interests in various proved undeveloped properties. The reserve and engineering reports performed for the Company were by Netherland Sewell and Associates, Inc. and Glover Petroleum Consultants of Crossville, Tennessee for the year ended April 30, 2005 and April 30, 2004, respectively.

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Although wells have been drilled and completed in each of these four properties, certain production and pipeline facilities must be installed before actual gas production will be able to commence. The most recent development plan for these properties indicates that facilities installation and commencement of production will be in the summer of 2006. However, such timing as well as the actual financing arrangements that will be secured by the Company is uncertain at this time. Therefore, these proven undeveloped reserves are not being included in the presentation of the oil and gas reserves at April 30, 2005, nor are such reserves being considered in calculating depreciation, depletion and amortization expense for the year based on the April 30, 2005 and April 30, 2004 balance of the proven developed producing reserves set forth above.

The following schedule presents the standardized measure of estimated discounted future net cash flows from the Company’s proved developed reserves for the years ended April 30, 2005 and 2004. Estimated future cash flows were based on independent reserves evaluation from Netherland Sewell & Associates, Inc. and Glover Petroleum Consultants for the years ended April 30, 2005 and April 30, 2004, respectively. Because the standardized measure of future net cash flows was prepared using the prevailing economic conditions existing at April 30, 2005 and 2004, it should be emphasized that such conditions continually change. Accordingly, such information should not serve as a basis in making any judgment on the potential value of the Company’s recoverable reserves or in estimating future results of operations.

Estimated future net cash flows represent an estimate of future net revenues from the production of proved reserves using current sales prices, along with estimates of the operating costs, production taxes and future development and abandonment costs (less salvage value) necessary to produce such reserves. The average prices used at April 30, 2005 and 2004 were $44.50 and $32.75 per barrel of oil and $6.75 and $6.25 per Mcf gas, respectively. No deduction has been made for depreciation, depletion or any indirect costs such as general corporate overhead or interest expense.

Operating costs and production taxes are estimated based on current costs with respect to producing gas properties. Future development costs are based on the best estimate of such costs assuming current economic and operating conditions.

Income tax expense is computed based on applying the appropriate statutory tax rate to the excess of future cash inflows less future production and development costs over the current tax basis of the properties involved, less applicable carry forwards, for both regular and alternative minimum tax.

The future net revenue information assumes no escalation of costs or prices, except for gas sales made under terms of contracts which include fixed and determinable escalation. Future costs and prices could significantly vary from current amounts and, accordingly, revisions in the future could be significant.

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NOTE 13 - S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES (Unaudited) (Continued)

Standardized measures of discounted future net cash flows at April 30, 2005 and 2004 is as follows:

| | | 2005 | | 2004 |
|---|---|---|---|---|
| Future cash flows | $ | 12,747,600 | $ | 65,105,641 |
| Future production costs and taxes | | (1,939,000) | | (2,769,464) |
| Future development costs | | (745,000) | | (4,740,000) |
| Future income tax expense | | (3,119,716) | | (17,854,815) |
| Future cash flows before income taxes | | 6,943,884 | | 39,741,362 |
| Discount at 10% for timing of cash flows | | (3,463,248) | | (16,591,415) |
| Discounted future net cash flows from proved reserves | $ | 3,480,636 | $ | 23,149,947 |

Of the Company’s total proved reserves as of April 30, 2005 and 2004, approximately 59% and 7%, respectively, were classified as proved developed producing, 11% and 4%, respectively, were classified as proved developed non-producing and 30% and 89%, respectively, were classified as proved undeveloped. All of the Company’s reserves are located in the continental United States.

The following table sets forth the changes in the standardized measure of discounted future net cash flows from proved reserves for April 30, 2005 and 2004.

| | | April 30, | | |
|---|---|---|---|---|
| | | 2005 | | 2004 |
| Balance, beginning of year | $ | 23,149,947 | $ | 13,165,412 |
| Sales, Net of production costs and taxes | | (784,409) | | (773,033) |
| Changes in prices and production costs | | 7,490,059 | | 9,737,935 |
| Revisions of quantity estimates | | (39,206,898) | | 5,505,439 |
| Development costs incurred | | 3,995,000 | | — |
| Net changes in income taxes | | 8,836,937 | | (4,485,806) |
| Balances, end of year | $ | 3,480,636 | $ | 23,149,947 |

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## PART II
## INFORMATION NOT REQUIRED IN PROSPECTUS

### Item 24. Indemnification of Officers and Directors

The Tennessee Business Corporation Act (the "TBCA") provides that a corporation may indemnify any of its directors and officers against liability incurred in connection with a proceeding if:

- the director or officer acted in good faith;
- in the case of conduct in his or her official capacity with the corporation, the director or officer reasonably believed such conduct was in the corporation's best interest;
- in all other cases, the director or officer reasonably believed that his or her conduct was not opposed to the best interest of the corporation; and
- in connection with any criminal proceeding, the director or officer had no reasonable cause to believe that his conduct was unlawful.

In actions brought by or in the right of the corporation, however, the TBCA provides that no indemnification may be made if the director or officer was adjudged to be liable to the corporation. In cases where the director or officer is wholly successful, on the merits or otherwise, in the defense of any proceeding instituted because of his or her status as an officer or director of a corporation, the TBCA mandates that the corporation indemnify the director or officer against reasonable expenses incurred in the proceeding. The TBCA also provides that in connection with any proceeding charging improper personal benefit to an officer or director, no indemnification may be made if the officer or director is adjudged liable on the basis that personal benefit was improperly received. Notwithstanding the foregoing, the TBCA provides that a court of competent jurisdiction, upon application, may order that an officer or director be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that the individual is fairly and reasonably entitled to indemnification, notwithstanding the fact that:

- the officer or director was adjudged liable to the corporation in a proceeding by or in the right of the corporation;
- the officer or director was adjudged liable on the basis that personal benefit was improperly received by him or her; or
- the officer or director breached his or her duty of care to the corporation.

Our Board of Directors has adopted these provisions to indemnify our directors, executive officers and agents.

### Item 25. Other Expenses of Issuance and Distribution

The following table sets forth estimated expenses we expect to incur in connection with the resale of the shares being registered. All such expenses are estimated except for the SEC Registration fee.

| | |
|---|---|
| SEC Filing Fee | $ 648.18 |
| Accounting Fees and Expenses | 5,000.00 |
| Legal Fees and Expenses | 50,000.00 |
| Miscellaneous | 5,000.00 |
| Total | $ 60,648.18 |

Explanation of Responses:

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**Item 26. Recent Sales of Unregistered Securities**

We have sold the following securities within the past three years without registering them under the Securities Act. Each of these securities was sold without registration under the Securities Act of 1933, as amended, in reliance on Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation D of the Securities Act of 1933, as amended.

On December 23, 2005, in connection with our joint venture arrangement with Wind City, we entered into a stock purchase agreement pursuant to which Wind City agreed to purchase 2,900,000 shares of our Common Stock in exchange for $4,350,000. Proceeds from this borrowing were used to pay off the outstanding Senior Secured Notes (as defined below) under the Credit Agreement (as defined below) with approximately $200,000 remaining for working capital.

For advisement services in connection with the above transaction, GunnAllen Financial Inc. was compensated by the issuance of 400,000 common shares.

On December 10, 2005 we agreed to issue 50,000 shares of Common Stock to Northstar Capital Markets, Inc. as consideration for consulting services to us valued at $53,000.

On December 10, 2005 we agreed to issue 500,000 common shares to our president, Ernest Payne, in connection with a three-year employment contract. The stock is valued in these financial statements at $530,000.

On September 8, 2005, we agreed to issue 600,000 shares of Common Stock to Growth Management in consideration of consulting services valued at $ 600,000.

On September 8, 2005, we agreed to issue 400,000 shares of Common Stock to Scott Boruff in consideration Of consulting services valued at $ 400,000.

On May 9, 2005, we entered into a credit agreement “Credit Agreement with Prospect Energy Corporation, a Maryland Corporation (“Prospect Energy”) and Petro Capital III, L.P., a Texas limited liability company (“Petro Capital”), and with MPC, Inc., our wholly owned subsidiary as guarantor, for the issuance and sale of senior secured convertible promissory notes (“Senior Secured Notes”) in the aggregate principal amount of $4,150,000 and accruing interest at 12% per annum. The Senior Secured Notes are convertible into Common Stock, par value $0.0001 per share at the lesser price of $1.50 our planned per share or the price of Common Stock issued to investors should we engage in a planned equity financing. The Senior Secured Notes were paid off with part of the proceeds from our December 2003 private placement transaction with Wind City. In addition, we issued to Prospect Energy, Petro Capital and Petro Capital Advisors, LLC, an affiliate of Petro Capital, five-year warrants to purchase an aggregate of 1,000,000 shares of our Common Stock, par value $0.0001 per share at an exercise price of $0.50 per share.

In connection with the above private placement transaction and for failure to file the required registration statement and to have that registration statement become effective by a certain date, we subsequently issued five additional warrants (the “Penalty Warrants”) to each of Prospect Energy and Petro Capital to purchase aggregate amounts of 151,805 and 48,195 shares of our Common Stock, respectively. The Penalty Warrants are exercisable at an exercise price of $1.15 per share and have a term of five years.

On July 14, 2005, we agreed to issue 30,000 shares to the principals of TNC, Inc. in connection with an agreement to terminate the Financial Consulting Agreement dated August 26, 2004.

On April 2, 2004, we issued 200,000 shares to Ratcliff Farms, Inc. in a private placement for an aggregate consideration of $50,000.

On August 13, 2003, warrants were granted to Sherri Ann Parker Lee and William Parker Lee in the amount of 1,110,000 and 250,000, respectively, as partial consideration for a subordinated loan in the amount of $1,360,000. These warrants were exercisable at a price of $0.80 per share and expired on January 1, 2005 without being exercised.

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**Item 27. Exhibits**

**EXHIBIT INDEX**

The following exhibits are filed as a part of this Registration Statement:

| Exhibit Number | Description |
|---|---|
| 3.1 | Charter of Miller Contract Drilling. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.2 | Articles of Merger between Miller Resources Inc. and Miller Contract Drilling, Inc. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.3 | Articles of Merger between Miller Trucking Co., Inc. and Miller Contract Drilling, Inc. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.4 | Articles of Amendment to the Charter of Miller Contract Drilling, changing its name to Miller Petroleum, Inc. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.5 | Articles of Merger between Miller Enterprises, Inc. and Miller Petroleum, Inc. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.6 | Articles of Amendment to the Charter of Miller Petroleum (increasing the number of authorized shares) (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.7 | Articles of Merger between Miller Services, Inc., Energy Cell, Inc. and Miller Petroleum, Inc. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.8 | Certificate of Ownership and Merger and Articles of Merger. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 3.9 | By-laws. (Filed as exhibit to Registration Statement No. 333-53856 on Form SB-2 and incorporated herein by reference.) |
| 4.1 | Form of Stock Purchase Warrant issued as of December 31, 2005, by the Company to Petro Capital III, L.P. (Filed as Exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 4.2 | Form of Stock Purchase Warrant, issued as of December 31, 2005, by the Company to Prospect Energy Corporation. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31. 2006 and incorporated herein by reference.) |
| 4.3 | Form of Stock Purchase Warrant, issued as of January 31, 2006, by the Company to Petro Capital III, L.P. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporate herein by reference.) |
| 4.4 | Form of Stock Purchase Warrant, issued as of January 31, 2006, by the Company to Prospect Energy Corporation. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 4.5 | Form of Stock Purchase Warrant, issued as of February 28, 2006, by the Company to Petro Capital III, L.P. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |

| | |
|---|---|
| 4.6 | Form of Stock Purchase Warrant, issued as of February 28, 2006, by the Company to Prospect Energy Corporation. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 4.7 | Form of Stock Purchase Warrant, issued as of March 31, 2006, by the Company to Prospect Energy Corporation. |
| 4.8 | Form of Stock Purchase Warrant, issued as of March 31, 2006, by the Company to Petro Capital III, L.P. |
| 4.9 | Form of Stock Purchase Warrant, issued as of April 30, 2006, by the Company to Prospect Energy Corporation. |
| 4.10 | Form of Stock Purchase Warrant, issued as of April 30, 2006, by the Company to Petro Capital III, L.P. |
| 5.1 | Opinion of Snow Becker Krauss P.C.** |
| 10.1 | Credit Agreement dated as of May 4, 2005 by and among MPC, Inc., Prospect Energy orporation and Petro Capital III, L.P. (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.4 | Guaranty dated as of May 4, 2005 from MPC, Inc. to Prospect Energy Corporation (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.5 | Commercial Security Agreement dated as of May 3, 2005 by and between Prospect Energy Corporation and Petro Capital III, L.P. (Filed as Exhibit 10.5 to the Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.6 | Mortgage, Deed of Trust, Assignment of Production, Security Agreement and Financing Statement dated as of May 4, 2005 from Miller Petroleum, Inc. and MPC, Inc. for the benefit of Prospect Energy Corporation. (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.7 | Stock Purchase Warrant dated as of May 4, 2005 between Prospect Energy Corporation and Miller Petroleum, Inc. (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.8 | Stock Purchase Warrant dated as of May 4, 2005 between Petro Capital III, L.P. and Miller Petroleum, Inc. (Filed as exhibit to Current Report on Form 8-K dated May 9, 2005 and incorporated herein by reference.) |
| 10.9 | Stock Purchase Warrant dated as of May 4, 2005 between Petro Capital Advisors, LLC and Miller Petroleum, Inc. (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporate herein by reference.) |
| 10.10 | Registration Statement dated as of May 4, 2005 among Prospect Energy Corporation, Petro Capital Advisors, LLC and Petro Capital III, L.P. (Filed as exhibit to the Current Report on Form 8-K dated May 9, 2005 and incorporate herein by reference.) |
| 10.11 | Amendment to Registration Statement dated as of December 1, 2005 among Prospect Energy Corporation, Petro Capital Advisors, LLC and Petro Capital III, L.P. |
| 10.14 | Stock Purchase Agreement dated as of December 23, 2005 by and between Miller Petroleum, Inc. and Wind City Oil & Gas, LLC. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 10.15 | Stock Purchase Agreement, dated December 23, 2005, by and between the Company and Wind City Oil & Gas, LLC. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 10.16 | Wind Mill Oil & Gas, LLC Limited Liability Company Agreement, dated as of December 23, 2005, by and between the Company and Wind City Oil & Gas, LLC. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |

| | |
|---|---|
| 10.17 | Employment Agreement, dated February 21, 2006, by and between the Company and Ernest Payne. (Filed as exhibit to Quarterly Report on Form 10-Q for the period ended January 31, 2006 and incorporated herein by reference.) |
| 23.1 | Consent of Snow Becker Krauss P.C. (contained in Exhibit 5.1)** |
| 23.2 | Consent of Rodefer Moss & Co., PLLC |
| | |

** To be filed by amendment.

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**Item 28. Undertakings**

The undersigned Registrant hereby undertakes:

· To file during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, In the aggregate, the changes in volume and the price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) Include any additional or changed material information on the plan of distribution.

· That, for determining liability under the Securities Act, to treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at the time to be the initial *bona fide* offering.

· To file a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Insofar as indemnification for liabilities arising under the Securities Act may be available to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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## SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Huntsville, State of Tennessee on the 24th day of April, 2006.

| | |
|---|---|
| | **MILLER PETROLEUM, INC.** |
| April 24, 2006 | By: /s/ Deloy Miller |
| | Name: Deloy Miller |
| | Title: Chief Executive Officer |

In accordance with the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates stated:

| Signature | Title | Date |
|---|---|---|
| /s/ Deloy Miller<br><br>Deloy Miller | Chief Executive Officer and Chairman | April 24, 2006 |
| /s/ Lyle H. Cooper<br>Lyle H. Cooper | Chief Financial Officer | April 24, 2006 |
| /s/ Herbert J. White<br>Herbert J. White | Vice President and Director | April 24, 2006 |
| /s/ Herman E. Gettelfinger<br>Herman E. Gettelfinger | Director | April 24, 2006 |
| /s/ Charles M. Stivers<br>Charles Stivers | Director | April 24, 2006 |