

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

EMPIRE PETROLEUM CORP
Form 10-Q
May 14, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 OR 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended March 31, 2009

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 001-16653

EMPIRE PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	73-1238709
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8801 S. Yale, Suite 120, Tulsa, Oklahoma 74137-3575
(Address of principal executive offices)

(918) 488-8068
(Registrant's telephone number, including area code)

Not Applicable

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

Indicate by check whether the registrant (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 ☐ No

Indicate by check mark whether the registrant has submitted electronically and
posted on its corporate Web site, if any, every Interactive Data File required
to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of
this chapter) during the preceding 12 months (or for such shorter period that
the registrant was required to submit and post such files).

☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer,
an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a Plan confirmed by a court.

☐ Yes ☐ No

The number of shares of the registrant's common stock, \$0.001 par value, outstanding as of May 14, 2009 was 57,193,128.

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

EMPIRE PETROLEUM CORPORATION

INDEX TO FORM 10-Q

Part I. FINANCIAL INFORMATION	Page
Item 1. Financial Statements	
Balance Sheets at March 31, 2009 (Unaudited) and December 31, 2008	1
Statements of Operations - Three months ended March 31, 2009 and 2008 (Unaudited)	2
Statements of Cash Flows - Three months ended March 31, 2009 and 2008 (Unaudited)	3
Notes to Financial Statements	4-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	8-10
Item 4. Controls and Procedures	10
Part II. OTHER INFORMATION	
Item 6. Exhibits	10
Signatures	11

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EMPIRE PETROLEUM CORPORATION

BALANCE SHEETS

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash	\$ 61,416	\$ 124,122
Accounts receivable (net of allowance of \$3,750 at March 31, 2009 and December 31, 2008)	17,345	12,158
Prepaid expenses	6,050	9,075
Total current assets	84,811	145,355
Property & equipment, net of accumulated depreciation and depletion	969,842	969,842
Total Assets	\$ 1,054,653	\$ 1,115,197
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Account payable and accrued liabilities	\$ 11,655	19,392
Total current liabilities	11,655	19,392
Long-term liabilities:		
Asset retirement obligation	52,200	52,200
Total liabilities	63,855	71,592
Stockholders' equity:		
Common stock - \$.001 par value, authorized 100,000,000 shares, issued 57,193,128 shares at March 31, 2009 and December 31, 2008	57,193	57,193
Additional paid in capital	11,914,222	11,901,722
Accumulated deficit	(10,980,617)	(10,915,310)
Total stockholders' equity	990,798	1,043,605
Total liabilities and stockholders' equity	\$ 1,054,653	\$ 1,115,197

See accompanying notes to financial statements.

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended	
	March 31,	
	2009	2008
Revenue:		
Petroleum sales	\$ 4,501	\$ 0
	<u>4,501</u>	<u>0</u>
Costs and expenses:		
Production & operating	16,386	17,334
General & administrative	53,422	98,570
	<u>69,808</u>	<u>115,904</u>
Operating loss	<u>(65,307)</u>	<u>(115,904)</u>
Other (income) and expense:		
Miscellaneous income	0	0
Interest income	0	0
Interest expense	0	0
	<u>0</u>	<u>0</u>
Total other expense	<u>0</u>	<u>0</u>
Net loss	<u>\$ (65,307)</u>	<u>\$ (115,904)</u>
Net loss per common share, basic and diluted	<u>\$ (.00)</u>	<u>\$ (.00)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>57,193,128</u>	<u>56,042,751</u>

See accompanying notes to financial statements.

-2-

EMPIRE PETROLEUM CORPORATION

STATEMENTS OF CASH FLOWS

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

(UNAUDITED)

	Three Months Ended	
	March 31, 2009 \$	March 31, 2008 \$
Cash flows from operating activities:		
Net loss	\$ (65,307)	\$ (115,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Value of services contributed by employees	12,500	12,500
Stock option plan expense	0	41,125
(Increase) decrease in assets:		
Accounts receivable	(5,187)	45,107
Prepaid expenses	3,025	3,318
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(7,737)	12,548
Net cash used in operating activities	(62,706)	(1,306)
Cash flows from investing activities:		
Well drilling and testing costs	0	(13,453)
Net cash provided by (used in) investing activities	0	(13,453)
Net decrease in cash	(62,706)	(14,759)
Cash - Beginning	124,122	384,629
Cash - Ending	\$ 61,416	\$369,870

See accompanying notes to financial statements.

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

March 31, 2009

(UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

The accompanying unaudited financial statements of Empire Petroleum Corporation (Empire, or the Company) have been prepared in accordance with United States generally accepted accounting principles for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's financial position, the results of operations, and the cash flows for the interim period are included. All adjustments are of a normal, recurring nature. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The information contained in this Form 10-Q should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2008 which are contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on March 31, 2009.

The Company has been incurring significant losses in recent years. The continuation of the Company as a going concern is dependent upon the ability of the Company to attain future profitable operations. These financial statements have been prepared on the basis of United States generally accepted accounting principles applicable to a company with continuing operations, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments might be necessary to adjust the carrying value of assets and liabilities and reported expenses.

The Company continues to explore and develop its oil and gas interests. The ultimate recoverability of the Company's investment in its oil and gas interests is dependent upon the existence and discovery of economically recoverable oil and gas reserves, confirmation of the Company's interest in the oil and gas interests, the ability of the Company to obtain necessary financing to further develop the interests, and the ability of the Company to attain future profitable production.

In 2003, the Company engaged a partner to explore its Cheyenne River Prospect, Wyoming, and signed an agreement to acquire a 10% interest in a block of acreage in the Gabbs Valley Prospect of western Nevada. In June 2005, the Company completed a private placement of 5,000,000 shares of its common stock along with warrants to purchase 1,250,000 shares of its common stock for an aggregate purchase price of \$500,000. Subject to certain restrictions, the warrants may be exercised until December 15, 2009 (extended from the previous date of March 15, 2009) at an exercise price of \$0.25 per share.

-4-

Proceeds of the private placement were allocated \$67,875 to common stock warrants and \$432,125 to common stock and paid-in capital. These funds were used for general corporate purposes and to pay the Company's share of the costs associated with its then 10% interest in the Gabbs Valley Oil Prospect in Nevada. By subsequent agreement with Cortez Exploration, LLC (formerly

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

O. F. Duffield) dated May 8, 2006, Empire acquired an additional 30% interest by agreeing to pay \$675,000 in land and related costs to Cortez and 45% of the drilling and completion costs on a test well to be known as the Empire Cobble Cuesta 1-12-12-34E, Nye County, Nevada. When combined with the original 10% working interest in the well and lease block which was expanded to 75,201 gross acres by the acquisition of an additional 30,917 acres from the U. S. Department of the Interior on June 14, 2006, the Company's working interest increased to 40%, after paying 55% of the drilling and completion costs of the Empire Cobble Cuesta 1-12-12N-34E test well. To fund this increased interest, the Company initiated a private placement of common stock along with warrants to purchase common stock in June 2006. In connection with this private placement, the Company issued 7,250,000 shares of common stock and warrants to purchase 1,812,500 shares of its common stock at an exercise price of \$0.50 per share for an aggregate purchase price of \$1,450,000. In April, 2007 the Company raised \$1,000,000 through a private placement of 5,000,000 shares of its common stock along with warrants to purchase 1,250,000 shares of its common stock which have an exercise price of \$0.50 per share which expires December 15, 2009. On August 2, 2007, the Company acquired an additional 17% interest, which increased its interest in the Gabbs Valley Prospect and leases to 57% (See Note 3). The Company acquired an additional 9,943.91 acres of leases at a September 2008 lease sale bringing the total acreage in which it has a 57% interest to 85,145 acres. The Company was encouraged by the data it acquired in connection with the drilling, logging and testing of the well. Such data, additional studies of such data, the assistance of geological and engineering consultants and an Advanced Geochemical Imaging Survey conducted in December 2008 led the Company to determine that further drilling is warranted.

As of March 31, 2009, the Company had \$61,416 of cash on hand. In order to sustain the Company's operations on a long-term basis, the Company intends to continue to look for merger opportunities and consider public or private financings. The Company anticipates that it has the funds necessary to continue its operations through the next twelve months.

Compensation of Officers and Employees

The Company's only executive officer serves without pay or other compensation. The fair value of these services is estimated by management and is recognized as a capital contribution. For the three months ended March 31, 2009, the Company recorded \$12,500 as a capital contribution by its executive officer.

2. PROPERTY AND EQUIPMENT:

CHEYENNE RIVER PROSPECT

The Company owns a working interest in approximately 20,764 acres of oil and gas leases located in Niobrara County, Wyoming (the "Cheyenne River Prospect"). The Company originally acquired leases on this prospect in 1998 and during the period from the original acquisition to 2008, it has caused a seismic program and the drilling of two wells which resulted in small oil producers. In 2005, the Company recorded an impairment charge of \$188,507 on its investment in the Cheyenne River Prospect as a result of a third party earning an interest by conducting a seismic survey and drilling the Hooligan Draw well.

-5-

In 2007, the Company entered into a Farmout and Partial Sale Agreement with a third party. The third party purchased a one-half interest in the Timber Draw #1-AH and the Hooligan Draw #1-AH and agreed to drill three test wells at locations of its choice on the farmout lands. In return for drilling the three test wells, the third party will earn a 100% interest in the 480 acres associated with the three wells subject to a small overriding royalty retained

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

by the Company together with a 50% interest in the balance of the farmout block, or the remaining 20,764 acres in the Cheyenne River Prospect. The Company currently has an 8.75% working interest in the Timber Draw #1-AH Well and 13.39% working interest in the Hooligan Draw 1-AH well. After the drilling of the three test wells, the Company's remaining interest will be its overriding royalty on the drill site 480 acres and a 13.39% working interest in the balance of the farmout lands. The third party commenced drilling operations in August and has set pipe and completed a small oil well. A second well was drilled which resulted in a dry hole. A third well has been staked and is expected to be drilled in the second quarter.

On April 4, 2008 the Company sold a portion of its ORR interest on the Cheyenne River Prospect. The Company's portion of the proceeds were \$16,500.

The Company has verbally accepted a cash offer for all of its interest in this prospect subject to final documentation. The Company will receive approximately \$170,000 if the sale is completed. The Company's book value of its Cheyenne River interests is \$94,892 as of March 31, 2009.

GABBS VALLEY PROSPECT

On May 8, 2003, the Company entered into an agreement (Duffield Agreement) with O.F. Duffield (now Cortez Exploration, LLC) to acquire a ten percent (10%) working interest in a block of acreage in the Gabbs Valley Prospect by agreeing to issue 2,000,000 shares of the Company's Common Stock to Mr. Duffield for such 10% interest. The shares were issued in July 2003. This block of acreage in the Gabbs Valley Prospect consisted of federal leases covering 44,604 acres in Nye and Mineral Counties, Nevada in which Mr. Duffield had a 100% working interest. The shares were valued at \$.10 per share based on the closing price of the Company's common stock on the date of issuance.

During September 2005, surveyors laid out a 19.5 mile seismic program on the Gabbs Valley Prospect, and a seismic survey was commenced in October 2005. Field work was carried out and final interpretation of the data was completed in November 2005. Based on the results of the seismic survey, the Company increased its working interest in the prospect to 40% (See Note 1) and contracted a drilling rig which commenced drilling the Empire Cobble Cuesta 1-12-12N-34E, Nye County, Nevada on September 14, 2006. Drilling operations were suspended October 23, 2006 in order to give the Company time to evaluate the drilling results. The total gross acres in this prospect was increased to 75,201 acres by the acquisition of 30,917 acres from the U. S. Department of the Interior on June 14, 2006. Additional leases of 9,943.91 acres were acquired from the BLM at a September 2008 lease sale bringing the lease total to 85,145 acres.

Coastal Energy Company Nevada (CECN) (formerly PetroWorld Nevada Corp.) was a participant in the Gabbs Valley Prospect with a seismic option under which it elected to drill a well and earn a 30% interest from Cortez Exploration, Inc. At such time, the Company's Chief Executive Officer was a member of the Board of Directors of both CECN and its parent company Coastal Energy Company (formerly PetroWorld Corporation) and he currently owns less than 1.00% of the parent company (CEN), which is traded on the AIM Exchange in London and the Toronto Venture Exchange in Toronto. The Coastal interest was acquired on

-6-

August 2, 2007 by Empire (17%) and Cortez (13%), resulting in Empire's interest being increased to 57%. To acquire the interest, Empire and Cortez agreed to pay Coastal's share of the remaining costs related to abandonment of the Cobble Cuesta test well. Empire's share of these costs is estimated to be approximately \$34,200. Mr. Whitehead retired from his position as Chairman/Director of Coastal Energy Company on February 6, 2008.

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

On May 1, 2007 the Company announced it had re-entered and completed testing on the Empire Cobble Cuesta 1-12-12N-34E, Nye County, Nevada well. As no hydrocarbons were recovered, the Company has taken steps to partially plug and abandon the well. The Company and its consultants have analyzed the data obtained from the Cobble Cuesta 1-12 and have concluded another well should be drilled on the prospect.

The Company is attempting to find an industry partner(s) to drill a new test well which likely would be located in close proximity to the 1-12 well. Subject to documentation an industry partner has committed to a 25% participating interest. The Company is hopeful additional participants will be found and a new test well commenced by July 2009.

NORTH BOGGY CREEK DAKOTA PROSPECT

In October 2007 the Company entered into a Participation Agreement with its Chief Executive Officer whereby it invested \$41,305 to receive a 6.25% interest in the Gaskill #1 well located in the North Boggy Creek Dakota Prospect, Niobrara County, Wyoming. In 2007, the well was re-entered and no oil and gas reserves were determined to be present. Consequently, the initial investment was written off in 2007.

In April 2008, the operator re-entered the well and after further testing determined to plug and abandon the well. The Company incurred costs of \$44,771 in 2008 for its 6.25% interest in the re-entry and deepening of the Gaskill #1 well. In addition, the Company is also liable for certain costs related to plugging and abandoning the well. The well operator has informed the Company that it expects proceeds from the sale of equipment at the well to offset the costs of plugging and abandoning the well. Therefore, the Company has not accrued any additional liability for plugging and abandoning the well.

3. EQUITY

On February 19, 2008 the Company's Board of Directors approved the conversion to stock for the Company's liability to its Chief Executive Officer, A. E. Whitehead. The liability of \$274,682 was converted to 2,112,938 shares of common stock at a price of \$0.13 per share.

On February 19, 2008 the Company's Board of Directors approved granting options to purchase 350,000 shares of the Company's common stock to directors and employee at \$0.13 per share. The options immediately vested and expire after ten years. The Company recorded an expense of \$41,124 for the fair market value of the options. Fair values were estimated at the date of grant of the options, using the Black-Scholes Option Valuation Model with the following weighted average assumptions: risk free interest rate of 3.76%, volatility factor of the expected market price of the Company's common stock of 147%, no dividend yield, and a weighted average expected life of the options of 5 years. For the purpose of determining the expected life of the options, the Company utilizes the Simplified Method as defined in Staff Accounting Bulletin No. 107 issued by the Securities and Exchange Commission.

-7-

Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The computation of Diluted EPS does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on losses. As a result, if there is a loss from continuing operations, Diluted EPS is computed in the same manner as Basic EPS is computed. At March 31, 2009 the Company has 1,070,000 and 4,312,500 options and warrants outstanding, respectively, that were not included in the calculation of earnings per share for the years then ended. Such financial instruments may

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

become dilutive and would then need to be included in future calculations of Diluted EPS.

On January 30, 2009 the Company extended all of its outstanding warrants to December 15, 2009. Fair values of the extended warrants were estimated at the date of extension using the Black-Scholes Option Valuation Model with the following weighted average assumptions: risk free interest rate of .51%, volatility factor of the expected market price of the Company's common stock of 208%, no dividend yield, and a weighted average expected life of the warrants of 11 months. As a result of the extension, the outstanding warrants were valued at \$48,319, which had no income statement effect.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

GENERAL TO ALL PERIODS

The Company's primary business is the exploration and development of oil and gas interests. The Company has incurred significant losses from operations, and there is no assurance that it will achieve profitability or obtain funds necessary to finance its operations. Sales revenue is attributable to the production of oil from the Company's Timber Draw #1-AH and the Hooligan Draw #1-AH wells located in the Eastern Powder River Basin in the State of Wyoming, otherwise known as the Cheyenne River Prospect. For all periods presented, the Company's effective tax rate is 0%. The Company has generated net operating losses since inception, which would normally reflect a tax benefit in the statement of operations and a deferred asset on the balance sheet. However, because of the current uncertainty as to the Company's ability to achieve profitability, a valuation reserve has been established that offsets the amount of any tax benefit available for each period presented in the statements of operations.

THREE MONTH PERIOD ENDED MARCH 31, 2009, COMPARED TO THREE MONTH PERIOD ENDED MARCH 31, 2008.

For the three months ended March 31, 2009, sales revenue increased \$4,501 from \$0 for the same period during 2008. The increase in sales revenue was the result of production from the Timber Draw #1-AH and the Hooligan Draw #1-AH wells.

Production and operating expenses decreased \$948 to \$16,386 for the three months ended March 31, 2009, from \$17,334 for the same period in 2008. The decrease was primarily due to slower activity on the Company's prospects.

General and administrative expenses decreased by \$45,148 to \$53,422 for the three months ended March 31, 2009, from \$98,570 for the same period in 2008. The decrease was primarily due to stock options issued in the 2008 period and lower legal costs in 2009.

-8-

LIQUIDITY AND CAPITAL RESOURCES

GENERAL

As of March 31, 2009, the Company had \$61,416 of cash on hand. The Company believes that its cash on hand will allow it to finance its operations for the next twelve months. In order to sustain the Company's operations on a long-term basis, the Company intends to continue to look for merger opportunities and consider public or private financings. The Company

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

does not plan to undertake further exploration of the Gabbs Valley or Cheyenne River Prospects without an industry partner or additional equity placement.

OUTLOOK

In 2007, the Company entered into a Farmout and Partial Sale Agreement with a third party. The third party purchased a one-half interest in the Timber Draw #1-AH and the Hooligan Draw #1-AH and agreed to drill three test wells at locations of its choice on the farmout lands. In return for drilling the three test wells, the third party will earn a 100% interest in the 480 acres associated with the three wells subject to a small overriding royalty retained by the Company together with a 50% interest in the balance of the farmout block, or the remaining 20,764 acres in the Cheyenne River Prospect. After the drilling of the three test wells, the Company's remaining interest will be its overriding royalty on the drill site 480 acres and a 13.39% working interest in the balance of the farmout lands.

As stated elsewhere in this Form 10-Q, on May 1, 2007, after further testing of the Company's only well in the Gabbs Valley Prospect, the Company decided to partially plug and abandon the well since no hydrocarbons were recovered. However, the Company was encouraged by the data it acquired in connection with the drilling, logging and testing of the well. Such data, additional studies of such data, the assistance of geological and engineering consultants and an Advanced Geochemical Imaging Survey conducted in December 2008 led the Company to determine that further drilling is warranted. It is possible that excessive mud exposure in the hole for over five months seriously impeded the process of recovering hydrocarbons. It was determined that a new test well should be drilled using a different method of drilling. The Company is attempting to find an industry partner to drill a new test well in close proximity to the Cobble Cuesta 1-12.

ADVANCES FROM RELATED PARTY

Through March 31, 2005, the Company financed its operations primarily through advances made to the Company by the Albert E. Whitehead Living Trust, of which the Company's Chairman of the Board and Chief Executive Officer, Mr. Whitehead, is the trustee. At the end of 2007 the Company was indebted to the Albert E. Whitehead Living Trust in the amount of \$274,682. This loan was converted, on February 19, 2008, into 2,112,938 shares of the Company's common stock at \$0.13 per share.

MATERIAL RISKS

The Company has incurred significant losses from operations and there is no assurance that it will achieve profitability or obtain funds necessary to finance continued operations. For other material risks, see the Company's form 10-K for the period ended December 31, 2008, which was filed March 31, 2009.

-9-

FORWARD-LOOKING INFORMATION

This quarterly report on Form 10-Q, including this section, includes certain statements that may be deemed "forward-looking statements" within the meaning of federal securities laws. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including future sources of financing and other possible business developments, are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties and could be affected by

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

a number of different factors, including the Company's failure to secure short and long-term financing necessary to sustain and grow its operations, increased competition, changes in the markets in which the Company participates and the technology utilized by the Company and new legislation regarding environmental matters. These risks and other risks that could affect the Company's business are more fully described in reports it files with the Securities and Exchange Commission, including its Form 10-K for the fiscal year ended December 31, 2008. Actual results may vary materially from the forward-looking statements.

The Company undertakes no duty to update any of the forward-looking statements in this Form 10-Q.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation under the supervision of the Company's Chief Executive Officer (and principal financial officer) of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, the Company's Chief Executive Officer (and principal financial officer) has concluded that the disclosure controls and procedures as of the end of the period covered by this report are effective. During the period covered by this report, there was no change in the Company's internal controls over financial reporting that has materially affected or that is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

a) Exhibits

- 31 Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
- 32 Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

-10-

EMPIRE PETROLEUM CORPORATION
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EMPIRE PETROLEUM CORPORATION

Date: May 14, 2009

By: /s/ Albert E. Whitehead

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

Albert E. Whitehead
Chairman, Chief Executive
Officer and Principal
Financial Officer

EXHIBIT INDEX

NO.	DESCRIPTION
31	Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
32	Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

EXHIBIT 31

CERTIFICATION

I, Albert E. Whitehead, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Empire Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

-11-

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

Edgar Filing: EMPIRE PETROLEUM CORP - Form 10-Q

accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2009

/s/ Albert E. Whitehead
Albert E. Whitehead,
Chief Executive Officer and
Principal Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Empire Petroleum Corporation (the "Company") on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert E. Whitehead, Chief Executive Officer (and principal financial officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

-12-

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2009

/s/ Albert E. Whitehead
Albert E. Whitehead
Chief Executive Officer and
Principal Financial Officer

