

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

ENEX 90-91 INCOME & RETIREMENT FUND SERIES 1 L P

CIK: **868663** | IRS No.: **760299892** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-18853** | Film No.: **96665744**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
*THREE KINGWOOD PLACE
SUITE 200
KINGWOOD TX 77339*

Business Address
*THREE KINGWOOD PLACE
STE 200
800 ROCKMEAD DRIVE
KINGWOOD TX 77339
7133588401*

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 1996

OR

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

For the transition period from.....to.....

Commission file number 0-18853

ENEX 90-91 INCOME AND RETIREMENT FUND - SERIES 1, L.P.
(Exact name of small business issuer as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

76-0299892
(I.R.S. Employer
Identification No.)

Suite 200, Three Kingwood Place
Kingwood, Texas 77339
(Address of principal executive offices)

Issuer's telephone number:
(713) 358-8401

Check whether the issuer (1) has filed all reports required to be filed
by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for
such shorter period that the registrant was required to file such reports), and
(2) has been subject to such filing requirements for the past 90 days.

Yes No

Transitional Small Business Disclosure Format (Check one):

Yes No

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

<CAPTION>

ENEX 90-91 INCOME AND RETIREMENT FUND - SERIES 1, L.P.

BALANCE SHEET

	September 30, 1996
ASSETS	
CURRENT ASSETS:	
<S>	<C>
Cash	\$ 16,071
Accounts receivable - oil & gas sales	11,720

Total current assets	27,791
<hr/>	
OIL & GAS PROPERTIES	
(Successful efforts accounting method) - Proved mineral interests	1,324,866
Less accumulated depletion	838,454
<hr/>	
Property, net	486,412
<hr/>	
TOTAL	\$ 514,203
<hr/>	
LIABILITIES AND PARTNERS' CAPITAL	
CURRENT LIABILITIES:	
Payable to general partner	\$ 1,958
<hr/>	
PARTNERS' CAPITAL:	
Limited partners	500,721
General partner	11,524
<hr/>	
Total partners' capital	512,245
<hr/>	
TOTAL	\$ 514,203
<hr/>	
Number of \$500 Limited Partner units outstanding	2,975

</TABLE>

See accompanying notes to financial statements.

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<TABLE>

<CAPTION>

ENEX 90-91 INCOME AND RETIREMENT FUND - SERIES 1, L.P.
STATEMENTS OF OPERATIONS

(UNAUDITED)	QUARTER ENDED		NINE MONTHS ENDED	
	September 30, 1996	September 30, 1995	September 30, 1996	September 30, 1995
REVENUES:				
<S> Oil and gas sales	\$ 45,108	\$ 27,887	\$ 131,550	\$ 92,749
EXPENSES:				
Depletion and amortization	26,072	26,777	74,440	83,875
Impairment of property	-	-	29,056	-
Production taxes	3,081	1,939	8,921	8,543
General and administrative	3,208	3,435	9,729	10,897

Total expenses	32,361	32,151	122,146	103,315
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 12,747	\$ (4,264)	\$ 9,404	\$ (10,566)
	=====	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

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<TABLE>
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 ENEX 90-91 INCOME AND RETIREMENT FUND - SERIES 1, L.P.
 STATEMENTS OF CASH FLOWS

(UNAUDITED)

	NINE MONTHS ENDED	
	September 30, 1996	September 30, 1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income (loss)	\$ 9,404	\$ (10,566)
	-----	-----
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depletion and amortization	74,440	83,875
Impairment of property	29,056	-
Decrease in:		
Accounts receivable - oil & gas sales	399	1,504
(Decrease) in:		
Accounts payable	(4,205)	(3,090)
Payable to general partner	(52,825)	(20,888)
	-----	-----
Total adjustments	46,865	61,401
	-----	-----
Net cash provided by operating activities	56,269	50,835
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash distributions	(49,684)	(45,889)
	-----	-----
NET INCREASE IN CASH	6,585	4,946
CASH AT BEGINNING OF YEAR	9,486	9,607
	-----	-----
CASH AT END OF PERIOD	\$ 16,071	\$ 14,553
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. The interim financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for the interim periods.
2. A cash distribution was made to the limited partners of the Company in the amount of \$14,085, representing net revenues from the sale of oil and gas produced from properties owned by the Company. This distribution was made on July 31, 1996.
3. On August 9, 1996, the Company's General Partner submitted preliminary proxy material to the Securities Exchange Commission with respect to a proposed consolidation of the Company with 33 other managed limited partnerships. On November 13, 1996, the Company submitted amended preliminary proxy material to the SEC with respect to this consolidation. The terms and conditions of the proposed consolidation are set forth in such preliminary proxy material.
4. The Financial Accounting Standards Board has issued Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which requires certain assets to be reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable. Prior to this pronouncement, the Company assessed properties on an aggregate basis. Upon adoption of SFAS 121, the Company began assessing properties on an individual basis, wherein total capitalized costs may not exceed the property's fair market value. The fair market value of each property was determined by H. J. Gruy and Associates, ("Gruy"). To determine the fair market value, Gruy estimated each property's oil and gas reserves, applied certain assumptions regarding price and cost escalations, applied a 10% discount factor for time and certain discount factors for risk, location, type of ownership interest, category of reserves, operational characteristics, and other factors. In the first quarter of 1996, the Company recognized a non-cash impairment provision of \$29,056 for certain oil and gas properties due to market indications that the carrying amounts were not fully recoverable.

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Item 2. Management's Discussion and Analysis or Plan of Operation.

Third Quarter 1995 Compared to Third Quarter 1996

Oil and gas sales for the third quarter increased to \$45,108 in 1996 from \$27,887 in 1995. This represents an increase of \$17,221 (62%). Oil sales increased by \$3,947 or 114%. A 14% increase in the average net oil sales price increased sales by \$1,157. A 113% increase in oil production increased sales and additional \$2,790. Gas sales increased by \$13,275 or 70%. A 4% increase in gas production increased sales by \$838. A 63% increase in average net gas sales prices increased sales by an additional \$12,437. The increases in oil production were primarily due to higher production from the FEC acquisition, in which the Company obtained additional interests from farmouts which achieved payout in December 1995 and in the first quarter of 1996. The changes in average net sales prices correspond with changes in the overall market for the sale of oil and gas.

Depletion expense decreased to \$26,072 in the third quarter of 1996 from \$25,041 in the third quarter of 1995. This represents an increase of \$1,031 (4%). The changes in production, noted above, increased depletion expense by \$2,974. This

increase was partially offset by a 7% decrease in the depletion rate. The decrease in the depletion rate was primarily due to the lower property basis resulting from the recognition of a \$29,056 property impairment recognized in the first quarter of 1996.

General and administrative expenses remained relatively constant at \$3,889 in 1996 as compared to \$3,435 in 1995.

First Nine Months in 1995 Compared to First Nine Months in 1996

Oil and gas sales for the first nine months increased to \$131,550 in 1996 from \$92,749 in 1995. This represents an increase of \$38,801 (42%). Oil sales increased by \$4,443 or 14%. An 11% increase in the average net oil sales price increased sales by \$3,555. A 3% increase in oil production increased sales an additional \$888. Gas sales increased by \$34,360 or 57%. A 5% increase in gas production increased sales by \$2,838. A 50% increase in average net gas sales prices increased sales by an additional \$31,522. The increases in oil and gas production were primarily due to higher production from the FEC acquisition, in which the Company obtained additional interests from farmouts which achieved payout in December 1995 and in the first quarter of 1996. The changes in average net sales prices correspond with changes in the overall market for the sale of oil and gas.

Depletion expense decreased to \$74,440 in the first nine months of 1996 from \$76,933 in the first nine months of 1995. This represents a decrease of \$2,493 (3%). A 7% decrease in the depletion rate reduced depletion expense by \$5,695. This decrease was partially offset by the changes in production, noted above. The decrease in the depletion rate was primarily due to the

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lower property basis resulting from the recognition of a \$29,056 property impairment recognized in the first quarter of 1996.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which requires certain assets to be reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable. Prior to this pronouncement, the Company assessed properties on an aggregate basis. Upon adoption of SFAS 121, the Company began assessing properties on an individual basis, wherein total capitalized costs may not exceed the property's fair market value. The fair market value of each property was determined by H. J. Gruy and Associates, ("Gruy"). To determine the fair market value, Gruy estimated each property's oil and gas reserves, applied certain assumptions regarding price and cost escalations, applied a 10% discount factor for time and certain discount factors for risk, location, type of ownership interest, category of reserves, operational characteristics, and other factors. In the first quarter of 1996, the Company recognized a non-cash impairment provision of \$29,056 for certain oil and gas properties due to market indications that the carrying amounts were not fully recoverable.

General and administrative expenses decreased to \$9,729 in 1996 from \$10,897 in 1995. This decrease of \$1,168 (11%) is primarily due to less staff time being required to manage the Company's operations.

CAPITAL RESOURCES AND LIQUIDITY

The Company's cash flow from operations is a direct result of the amount of net proceeds realized from the sale of oil and gas production. Accordingly, the changes in cash flow from 1995 to 1996 are primarily due to the changes in oil and gas sales described above. It is the general partner's intention to distribute substantially all of the Company's available cash flow to the Company's partners. The Company's "available cash flow" is essentially equal to the net amount of cash provided by operating activities.

The Company will continue to recover its reserves and distribute to the limited partners the net proceeds realized from the sale of oil and gas production. Distribution amounts are subject to change if net revenues are greater or less than expected. Nonetheless, the general partner believes the Company will continue to have sufficient cash flow to fund operations and to maintain a regular pattern of distributions.

On August 9, 1996, the Company's General Partner submitted preliminary proxy material to the Securities Exchange Commission with respect to a proposed consolidation of the Company with 33 other managed limited partnerships. On November 13, 1996, the Company submitted amended preliminary proxy material to the SEC with respect to this consolidation. The terms and conditions of the proposed consolidation are set forth in such preliminary proxy material.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

None

Item 3. Defaults Upon Senior Securities.

Not Applicable

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

Not Applicable

Item 5. Other Information.

Not Applicable

Item 6. Exhibits and Reports on Form 8-K.

(a) There are no exhibits to this report.

(b) The Company filed no reports on Form 8-K during the quarter ended September 30, 1996

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SIGNATURES

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

ENEX 90-91 INCOME AND RETIREMENT
FUND - SERIES 1, L.P.
(Registrant)

By: ENEX RESOURCES CORPORATION
General Partner

By: /s/ R. E. Densford
R. E. Densford
Vice President, Secretary
Treasurer and Chief Financial
Officer

November 13, 1996

By: /s/ James A. Klein

James A. Klein
Controller and Chief
Accounting Officer

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