FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

IMPERIAL PETROLEUM INC
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SIC: **1381** Drilling oil & gas wells

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: October 31, 2007

☐ **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: 000-09923

IMPERIAL PETROLEUM, INC.

(Exact name of registrant as specified in its charter)

Nevada	**95-3386019**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

329 Main Street, Suite 801, Evansville, Indiana 47708
(Address of principal executive office and zip code)

(812) 867-1433
(Registrant' s telephone number, including area code)

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

Indicate by a check mark whether the registrant (1) has 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 a check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

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 PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 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** ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date.

15,964,441 as of October 31, 2007

Cautionary Note Regarding Forward-Looking Statements

As used herein, unless we otherwise specify, the terms the "Company," "we," "us" and "our" means Imperial Petroleum, Inc.

This Report contains forward-looking statements concerning our financial condition, results of operations and business, including, without limitation, statements pertaining to:

The development of our existing oil and gas properties and leases;

Implementing aspects of our business plans;

Financing goals and plans;

Our existing cash and whether and how long these funds will be sufficient to fund our operations; and

Our raising of additional capital through future equity financings.

These and other forward-looking statements are primarily in the section entitled "Management's Discussion and Analysis of Financial Conditions and Results of Operations." Generally, you can identify these statements because they include phrases such as "anticipates," "believes," "expects," "future," "intends," "plans," and similar terms. These statements are only predictions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which are unforeseen. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Report on Form 10-Q. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including those stated in this Report. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

We believe it is important to communicate our expectations to our investors. There may be events in the future, however, that we are unable to predict accurately or over which we have no control. Cautionary language in this Report provides examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

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IMPERIAL PETROLEUM, INC.

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Ended October 31, 2007

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

We have prepared the consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such SEC rules and regulations. In our opinion, the accompanying statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position of our company as of October 31, 2007, and its results of operations for the three month period ended October 31, 2007 and 2006 and its cash flows for the three month period ended October 31, 2007 and 2006. The results for the interim periods are not necessarily indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of our annual report on Form 10-K.

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IMPERIAL PETROLEUM, INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	31-Oct-07 Unaudited	31-Jul-07 Audited
ASSETS		
Current Assets		
Cash and Cash Equivalents	$104,695	$588,658
Certificates of Deposit	202,632	200,386
Accounts Receivable	420,306	422,958
Total current assets	727,633	1,212,002
Property, Plant and Equipment		
Mining Claims, options & development costs	50,620	50,620
Oil and gas properties (full cost method)	5,045,810	4,866,989
	5,096,430	4,917,609
Less: Accumulated DD&A	(682,643)	(621,971)
Net property, plant and equipment	4,413,787	4,295,638
Long Term Assets:		
Deferred financing expenses-net	519,440	593,646
Total other assets	519,440	593,646

TOTAL ASSETS	$5,660,860	$6,101,286
LIABILITIES AND STOCKHOLDER' S EQUITY		
Current Liabilities		
Accounts payable	$934,107	$1,108,977
Accrued expenses	490,099	430,962
Notes payable-current portion	108,174	115,955
Note payable-related parties	475,130	483,918
Other current liabilities	467,814	467,814
Total current liabilities	2,475,324	2,607,626
Long Term Liabilities		
Asset Retirement Obligation	150,682	150,682
Notes Payable	350,000	350,000
Line of Credit	10,739,883	10,347,000
Total non-current liabilities	11,240,565	10,847,682
Stockholder' s Equity		
Common stock of $.006 par value; authorized 150,000,000 shares; 15,964,441 and 11,241,126 issued and outstanding , respectively	95,788	95,788
Additional paid-in capital	11,467,265	11,467,265

Retained earnings	(18,910,778)	(18,209,771)
Treasury stock	(707,304)	(707,304)
Total stockholder' s equity	(8,055,029)	(7,354,022)
Total Liabilities and Stockholder' s Equity	$5,660,860	$6,101,286

See Notes to Condensed Consolidated Financial Statements

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IMPERIAL PETROLEUM, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ending	
	10/31/07	**10/31/06**
Revenue and other income		
Oil and gas revenue	$499,893	$359,580
Total operating income	$499,893	$359,580
Costs and Expenses:		
Production costs and taxes	$549,872	$80,801
General and administrative	228,509	1,004,327
Depreciation, depletion and amort.	60,672	53,270
Total costs and expenses	839,053	1,138,398
Net gain/(loss) from operations	(339,160)	(778,818)
Other income and (expense)		
Interest expense	(414,885)	(439,381)
Interest income	2,246	0
Amortization of loan fees	(74,206)	(215,297)
Other income (expense)	0	36,187

Gain on sale of assets	125,000	894,918
Total other income/(expense)	(361,845)	276,427
Net gain/ loss before income taxes	(701,005)	(502,391)
Provision for income taxes		
Current	0	0
Deferred	0	0
Total benefit from income taxes	0	0
Net gain/loss	$(701,005)	$(502,391)
Net gain/loss per share	$(0.044)	$(0.045)
Weighted average shares outstanding	15,964,441	11,281,317

See Notes to Condensed Consolidated Financial Statements

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IMPERIAL PETROLEUM, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three Months Ending	
	10/31/07	10/31/06
Operating activities:		
Net income/(loss)	(701,005)	(502,391)
Depreciation, depletion and amortization	134,878	268,547
Expenses paid with common stock	0	(663,909)
Loss (gain) on sale and disposal of assets	(125,000)	(894,918)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Change in asset retirement obligation	0	(146,896)
Change in accounts receivable	2,652	149,046
Change in other receivables	0	(1,968,644)
Change in accounts payable	(174,870)	(857,368)
Change in accrued expenses	59,137	(208,428)
Net cash provided by (used in) operating activities	(804,208)	(3,497,143)
Investing activities:		
Purchases and improvements to oil and gas properties	(178,821)	(65,083)

Reinvestment in certificates of deposit	(2,246)	(670)
Proceeds of sale of assets	125,000	14,097,219
Net cash provided by (used in) investing activities	(56,067)	14,031,466
Financing activities:		
Proceeds from line of credit	392,881	334,832
Payments on line of credit	0	(10,830,716)
Payments on notes payable	(7,781)	(9,117)
Payments on notes payable-related party	(8,788)	0
Net cash provided by (used in) financing activities	376,312	(10,505,001)
Net change in cash and cash equivalents	(483,963)	29,322

See Notes to Condensed Consolidated Financial Statements

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IMPERIAL PETROLEUM, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three Months Ending	
	10/31/07	10/31/06
Cash and cash equivalents, beginning of period	588,658	0
Cash and cash equivalents, end of period	104,695	29,322
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	1,358	7,697
Income taxes	0	0
Supplemental schedule of non-cash investing and financing activities		
Stock and options issued for services	0	663,909

See Notes to Condensed Consolidated Financial Statements

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IMPERIAL PETROLEUM, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) GENERAL

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the periods presented are not necessarily indicative of the results, which may be expected for the year ending July 31, 2008. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company' s Form 10-K for the year ended July 31, 2007.

Organization

Imperial Petroleum, Inc. (the "Company"), a publicly held corporation, was organized under the laws of the State of Nevada.

The Company' s principal business consists of oil and gas exploration and production in the United States.

In addition, the Company, through its wholly owned subsidiary Ridgepointe Mining Company, is attempting to obtain capital which will allow it to continue testing, defining and developing mineral reserves on mining claims it owns or operates in the Southwestern and Western United States. As of October 31, 2007, the Company had not begun those anticipated mining activities.

Reverse Split

The Company has a single class of common stock. On August 1, 2006 stockholders approved a 1 for 4 reverse stock split in its common stock. All share numbers in these financial statements and footnotes have been retroactively adjusted to account for the reverse split.

Issuance of Additional Securities

During the three months ended October 31, 2007, the Company issued 1,000,000 shares of restricted common stock in connection with the exercise of an issued stock warrant. The shares were paid for prior to July 31, 2007 and issued during the current quarter ending October 31, 2007.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Ridgepointe Mining Company, Phoenix Metals, Inc., dba the Rig Company and Hoosier Biodiesel Company (formerly Global-Imperial Joint Venture, Inc.). All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

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GOING CONCERN BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Financial Condition

The Company' s financial statements for the quarter ended October 31, 2007 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company incurred net losses of $3,243,996, $3,426,724 and $2,695,812 for the years ended July 31, 2007, 2006 and 2005, respectively, and as of July 31, 2007 has an accumulated deficit of $18,209,771.

Management Plans to Continue as a Going Concern

The Company completed a re-financing of its senior debt during April 2007 and with additional borrowings available under the line of credit facility, began a workover program on its oil and gas properties. As a result, the Company' s revenues for the quarter ended October 31, 2007 increased by almost 40% compared to the same quarter last year. The company expects to continue to experience an increase in revenues as a result of substantially higher production and oil prices. Management has continued to focus on the purchase of new acquisitions with the remaining balance available under its line of credit to increase cash flow, however its most recent acquisition was terminated due to title problems with the seller' s properties. Management believes it will need to locate a source of additional financing in order to continue to increase the Company' s cash flow or will need to sell additional properties in order to further reduce debt, if the results of its ongoing workover and acquisition programs are delayed or unsuccessful.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Description of Business and Basis of Presentation

Imperial Petroleum, Inc., a Nevada corporation (the "Company"), is a diversified energy, and mineral mining company headquartered in Evansville, Indiana. The Company has historically been engaged in the production and exploration of crude oil and natural gas and had diversified its business activities to include mineral mining, with a particular emphasis on gold mining.

As of October 31, 2007, the Company operated 76 oil and gas wells in Texas and Louisiana and owned an interest in an additional approximately 280 wells operated by others. Net daily sales from the Company' s oil and gas properties averaged approximately 35 Bopd and 367 Mcfpd during the quarter ended October 31, 2007. November 2007 sales was an 75 Bopd and 191 mcfpd. The Company' s estimated net proven oil and gas reserves as of July 31, 2007 were 424 MBO and 3,533 MMCFG. The present value from the future production of the oil and gas reserves discounted at 10% and based on constant prices was estimated to be $ 28.2 million as of July 31, 2007. No proven reserves are included for the Kentucky properties. The Company is the operator of the Duke Gold Mine in Utah, although no significant operations occurred during the current quarter.

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Historical Background

The Company was incorporated on January 16, 1981 and is the surviving member of a merger between itself, Imperial Petroleum, Inc., a Utah corporation incorporated on June 4, 1979 (“Imperial-Utah”), and Calico Exploration Corp., a Utah corporation incorporated on September 27, 1979 (“Calico”). The Company was reorganized under a Reorganization Agreement and Plan and Article of Merger dated August 31, 1981 resulting in the Company being domiciled in Nevada.

On August 11, 1982, Petro Minerals Technology, Inc. (“Petro”), a 94% -owned subsidiary of Commercial Technology Inc. (“Comtec”) acquired 58% of the Company’ s common stock. Petro assigned to the Company its interests in two producing oil and gas properties in consideration for 5,000,000 shares of previously authorized but unissued shares of common stock of the Company and for a $500,000 line of credit to develop these properties. Petro has since undergone a corporate reorganization and is now known as Petro Imperial Corporation. On August 1, 1988 in an assumption of assets and liabilities agreement, 58% of the Company’ s common stock was acquired from Petro by Glauber Management Co., a Texas corporation, (“Glauber Management”), a 100% owned subsidiary of Glauber Valve Co., Inc., a Nebraska corporation (“Glauber Valve”).

Change of Control

Pursuant to an Agreement to Exchange Stock and Plan of Reorganization dated August 27, 1993 (the “Stock Exchange Agreement”), as amended by that certain First Amendment to Agreement to Exchange Stock and Plan of Reorganization dated as of August 27, 1993, (the “First Amendment”), between the Company, Glauber Management, Glauber Valve, Jeffrey T. Wilson (“Wilson”), James G. Borem (“Borem”) and those persons listed on Exhibit A attached to the Stock Exchange Agreement and First Amendment (the “Ridgepointe Stockholders”). The Ridgepointe Stockholders agreed to exchange (the “Ridgepointe Exchange Transaction”) a total of 12,560,730 shares of the common stock of Ridgepointe, representing 100% of the issued and outstanding common stock of Ridgepointe, for a total of 12,560,730 newly issued shares of the Company’ s common stock, representing 59.59% of the Company’ s resulting issued and outstanding common stock. Under the terms of the Stock Exchange Agreement, (i) Wilson exchanged 5,200,000 shares of Ridgepointe common stock for 5,200,000 shares of the Company’ s common stock representing 24.67% of the Company’ s issued and outstanding common stock, (ii) Borem exchanged 1,500,000 shares of Ridgepointe common stock for 1,500,000 shares of the Company’ s common stock representing 7.12% of the Company’ s issued and outstanding common stock, and (iii) the remaining Ridgepointe Stockholders in the aggregate exchanged 5,860,730 shares of Ridgepointe common stock for 5,860,730 of the Company’ s issued and outstanding common stock, representing, in the aggregate, 27.81% of the Company’ s issued and outstanding common stock. The one-for-one ratio of the number of shares of the Company’ s common stock exchanged for each share of Ridgepointe common stock was determined through arms length negotiations between the Company, Wilson and Borem.

The Ridgepointe Exchange Transaction was closed on August 27, 1993. As a result, Ridgepointe is now a wholly, owned subsidiary of the Company. At the time of acquisition, Ridgepointe was engaged in the development of a copper ore mining operation in Yavapai County, Arizona and, through its wholly owned subsidiary, I.B. Energy, in the exploration for and production of oil and gas in the Mid-continent and Gulf Coast regions of the United States.

In connection with the closing of the Ridgepointe Exchange Transaction, each member of the Board of Directors of the Company resigned and Wilson, Borem and Dewitt C. Shreve (“Shreve”) were elected Directors of the Company. In addition, each officer of the Company resigned and the Company’ s new Board of Directors elected Wilson as Chairman of the Board, President and Chief Executive Officer, Borem as Vice President and Cynthia A. Helms as Secretary of the Company. Ms. Helms subsequently resigned and Kathryn H. Shepherd was elected Secretary. Mr. Borem, Mr. Shreve and Ms. Shepherd subsequently resigned and Mr. Malcolm W. Henley and Mrs. Stacey D. Smethers were elected to the Board. The Board of Directors further authorized the move of the Company’ s principal executive offices from Dallas, Texas to its current offices in Evansville, Indiana.

As a condition to closing the Ridgepointe Exchange Transaction, the Company received and canceled 7,232,500 shares of the Company’ s common stock from the Company’ s former partner, Glauber Management, and 100,000 shares of the common stock of Tech-Electro Technologies, Inc from an affiliate of Glauber Management and Glauber Valve. In addition, pursuant to the terms of the First Amendment, Glauber Management or Glauber Valve, or their affiliates, were to transfer to the Company 75,000 shares of common stock of Wexford Technology, Inc. (formerly Chelsea Street Financial Holding Corp.) no later than October 31, 1993, which such transfer subsequently occurred.

On August 15, 2001, Mr. Malcolm W. Henley and Mrs. Stacey D. Smethers resigned their positions as directors of the Company to pursue other interests. Their vacancies were filled with Mrs. Annalee C. Wilson and Mr. Aaron M. Wilson, both family members of the Company’ s President and Chairman, each of whom was elected to the Board at the shareholder’ s meeting held in August 2006.

The Company signed a Forbearance Agreement (and several amendments thereto) with its senior lender in connection with its plan to re-structure its senior debt. The Company incurred additional fees as a result of these amendments in the amount of $750,000 due to its senior lender as a result of these agreements. In April 2007, the Company re-structured its senior debt under a new debt facility with its lender in the form of a $15.0 million line of credit and $0.4 million in subordinated debt. The new facility provided the Company with additional workover capital to being workover operations on its properties as well as the completion of the Caltex acquisition. (See Capital Resources and Liquidity: Long Term Debt).

The Company completed a reverse split of its common stock in the ratio of four for one effective September 11, 2006 in connection with obtaining shareholder approval of the sale of assets discussed earlier. As a result of the reverse split the Company’ s issued and outstanding common stock was reduced to 11,115,807 shares and the authorized capital was increased to 150,000,000 shares of common stock. (See Submission of Matters to Security Holders).

The Company signed a Purchase and Sales Agreement with Apollo Resources International, Inc. and subsidiaries (“Apollo”) on June 19, 2007 to acquire certain oil and gas assets located in New Mexico, Arizona and Utah for a total consideration of approximately $6.8 million, including 5 million shares of the Company’ s restricted common stock. The Agreement was terminated by the Company after considerable due diligence due to Apollo’ s inability to provide clear title to its assets.

(2) ACCOUNTING POLICIES

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring items) considered necessary for a fair presentation have been included.

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(3) NOTES PAYABLE

The Company in the course of funding its oil and gas and other activities, from time to time, enters into private notes primarily from its major shareholders. In addition to the private notes, the Company has the following note obligations: (1) a term loan from a bank in the name of Hillside Oil & Gas for which the Company makes the monthly payments in connection with its purchase of a workover rig from Hillside; and (2) the Revolving Loan comprised of the Secured Line of Credit with its senior lender and the Subordinated Loan with a bank in connection with the financing arranged for the purchase of oil and gas assets under the section entitled Capital Liquidity and Resources. As of October 31, 2007, the Company had a total of 3 notes payable to individuals and private companies totaling $0.59 million, in principal, of which $0.48 million was with the Company' s Chairman and President, Mr. Wilson.

(4) STOCK OPTIONS

No options were granted during the three months ended October 31, 2007. 1,000,000 options exercisable at $0.07/share expired on August 2, 2007. No options were exercised during the three months ended October 31, 2007.

The following is a summary of information about the Stock Options and Warrants outstanding as of October 31, 2007:

Shares Underlying Options and Warrants Outstanding				Shares Underlying Options and Warrants Exercisable	
Range of Exercise Prices	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
$0.01-0.18	2,348,662	1.50 years	$0.082	2,348,662	$0.082

The following is a summary of activity of outstanding stock options:

	Number Of Shares	Weighted Average Exercise Price
Balance, July 31, 2007	3,348,662	$0.078
Options cancelled	–	–
Options expired	1,000,000	0.07
Options issued during the period	–	–
Balance, October 31, 2007	2,348,662	0.082

Exercisable	2,348,662	$0.082

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

The factors which most significantly affect the Company' s results of operations are (i) the sale prices of crude oil and natural gas, (ii) the level of oil and gas sales, (iii) the level of lease operating expenses, and (iv) the level of and interest rates on borrowings. The Company will need to rely on the initiation operations on its mining ventures and its oil and natural gas operations to generate cash flow and future profits. The same factors listed above will apply to the sale of minerals and metals mined by the Company as well as oil and natural gas produced by the Company. As the Company initiates production on its mining properties, results of operations will be affected by: (i) commodity prices for copper and gold, (ii) the quantity and quality of the ores recovered and processed, and (iii) the level of operating expenses associated with the mining operations.

Crude oil and natural gas prices increased significantly during fiscal 2007 with New York Mercantile Exchange ("NYMEX") prices quoted at approximately $97/Bbl for oil and $7.80 per Mmbtu for natural gas at October 31, 2007. Since that time prices have continued to remain high. The impact of continued high prices will be positive on cash flow and the exploitation of existing properties owned by the Company, however, continued high prices will reduce the availability of quality acquisitions and could change the Company' s future growth strategy. At the present time the Company believes it has a substantial inventory of quality development opportunities to sustain its growth strategy without additional acquisitions. The Company expects oil and gas prices to continue to fluctuate and to be influenced by Asian economies and potential disruptions in supplies, in particular events in the Middle East and Pakistan.

Prices for gold had remained relatively stable during the past several years and had generally reflected the relatively low inflation rates predominate in the economies of the industrialized nations. Recently, gold prices began a significant upward price adjustment, which may reflect a shift from the traditional dependence upon gold as a financial hedge against inflation. Current spot prices for gold are near $800.00 per ounce and are expected to continue to remain at or near those levels. The Company does not expect to realize any substantial increase in the price of gold in the future.

Three months ended October 31, 2007 compared to Quarter ended October 31, 2006.

Revenues for the three months ending October 31, 2007 were $499,893 compared to revenues of $359,580 for the comparable quarter ended October 31, 2006 and represent a 40 % increase over the prior year period due to the production from Coquille Bay. For the most recent quarter, sales from Coquille Bay contributed 88% of the revenues compared to only 4% of the revenues in the prior period. The Company continues to incur some production start-up issues and ongoing rental compressor and saltwater disposal pump repairs, which have restricted gas sales. Over the last two months we have averaged selling approximately 2,000 bbls per month of oil from Coquille Bay. We expect fluctuating oil sales in the future as a result of the timing of oil sales by barge in south Louisiana and as we continue to improve operations in the field.

Oil and gas production operating expenses were $549,872 for the quarter ended October 31, 2007 compared to $80,801 for the quarter ended October 31, 2006 and represent the significant cost and effort expended in the quarter on the Company' s remediation and repair workover programs, particularly at Coquille Bay. No significant expenses were incurred during the quarter on the Duke gold mine. Operating expenses are expected to decrease as operations and production on the Coquille Bay field stabilize.

General and administrative costs were $228,509 for the three months ending October 31, 2007 compared to $1,004,327 for the same period a year earlier. While costs for the prior period reflect additional costs associated with the sale and the issuance of warrants for consulting services, overall expenses declined despite additional administrative costs incurred during the most recent quarter for re-financing and audit related activities. G&A expenses are expected to continue to increase in subsequent quarters as the Company adds staff. Interest expense for the quarter was $414,885 in 2007 compared to $439,381 for the same period in 2006 and are expected to remain at or near those levels.

The Company had an after-tax net loss of $701,005 ($0.044 per share) for the quarter ended October 31, 2007 compared to a net loss of $502,391 ($0.045 per share) for the comparable quarter a year earlier. The net loss for the quarter increased due to increased expenses in stabilizing production levels despite increased revenues. The Company does not expect to be profitable until its workover program is successfully completed and its oil and gas sales increase significantly.

FINANCIAL CONDITION

Capital Resources and Liquidity

As a result of the sale of assets, the Company' s capital expenditures are focused mainly on its Louisiana properties at the present time and its efforts to return its wells to production as a result of the damage it sustained due to the hurricanes. The Company has several partners in its Coquille Bay field and must coordinate capital expenditures with the receipt of partner contributions in order to maintain consistent operations. At present the Company is responsible for approximately 50% of the capital expenditures in Coquille Bay as a result of non-consenting partners. The Company will be entitled to recover 500% of its capital expenditures made on behalf of these parties under the operating agreements. Capital expenditures for the most recent quarter totaled $178,821 that was funded out of cash flow generated by the properties and borrowings as a result of the re-financing of the Company' s senior debt in April 2007.

With the inability of the Company to raise capital for its mining operations, Management decided to terminate all of the Company' s mining lease commitments except the Duke Gold Mine in Utah during fiscal 2000. As a result, the Company is active in only one mine that will require significant capital expenditures. The Company has a wide degree of discretion in the level of capital expenditures it must devote to the mining project on an annual basis and the timing of its development. The Company has primarily been engaged, in its recent past, in the acquisition and testing of mineral properties to be inventoried for future development. Because of the relative magnitude of the capital expenditures that may ultimately be required for any single mining venture as operations are achieved, management has pursued a strategy of acquiring properties with significant mineral potential in an effort to create a mineral property base sufficient to allow the Company to access capital from external sources, either through debt or equity placements. Management decided to seek a partner for the Duke Mine during 2005 and focus its management resources and limited capital on the oil and natural gas properties acquired from Hillside and Warrior and to focus on additional acquisitions in the oil and gas sector. The Company completed a joint venture arrangement with ATLCC during the year that, however ATLCC failed to provide the development capital and the Company re-assumed operations of the property.

As a result of the impact of hurricane Katrina to the Company' s south Louisiana operations and facilities, the Company became non-compliant with the terms of its original credit agreements, which had been put in place in early 2004. The Company decided to pursue the sale of assets to reduce bank debt and negotiated a Forbearance Agreement with its lenders in February 2006 to allow it sufficient time to complete a sale of assets The Company signed a Definitive Purchase and Sales Agreement with Whittier Energy Company and Premier Natural Resources LLC that was closed on August 9, 2006. The proceeds of the initial closing (also referred to as Phase I) of approximately $12.0 million were used to reduce senior debt by $11.3 million and to pay vendor payables. A second closing (also referred to as Post-Closing or Phase II Closing) of the asset sale to Whittier and Premier occurred on November 9, 2006 and resulted in approximately $1.85 million in additional proceeds to the Company that were used to further retire senior debt ($1.7 million) and to reduce vendor payables ($0.15 million).

In April 2007, the Company completed a re-financing of its senior and subordinated debt facility with its current lenders consisting of a $15.0 million Revolving Loan facility and a $0.35 million subordinated debt facility. The total amount borrowed under the re-financing was approximately $10.2 million under the combined credit facility and included approximately $0.3 million for the acquisition of the Caltex properties and $0.85 million for workovers and working capital. The availability under the Revolving Loan is subject to semi-annual evaluations of the Company' s oil and gas reserve base as determined by the Lender and is reduced monthly based upon re-determinations by the Company after taking into effect price changes and net production. As of the closing date of April 2007, the Company had available borrowing capacity of approximately $10.5 million based upon the current oil and gas properties evaluation. The Revolving Loan has a term of 2 years (April 14, 2009) and an interest rate of LIBOR plus 1,100 basis points and subject to a LIBOR floor of 5%. (The LIBOR Rate for October 2007 was 5.37%). The Revolving Loan is subject to the normal and customary financial covenants and is secured by a first mortgage and lien right to all of the Company' s operations and assets. In addition the Lender is granted a 2.5 % over-riding royalty interest payable from the monthly production of the Company. As of October 31, 2007 the Company was in compliance with the covenants of credit agreements. In connection with the Revolving Loan, the Company also completed a subordinated financing of approximately $350,000 with a Bank of Oklahoma. The terms of the Subordinated Financing are a term of 2 years from the closing date (April 14, 2009) and an interest rate of 8% per annum paid in kind and accrued to the loan balance due at maturity. The Company can retire the Subordinated debt only after payment of the Revolving Loan.

The timing of expenditures for the Company' s oil and natural gas and mining activities are generally distributed over several months, and as such, the Company anticipates its current working capital will be sufficient to meet its capital expenditures. The Company has no immediate plans to spend any capital on the Duke Mine during the present fiscal year. The Company believes it will be required to access outside capital either through debt or equity placements or through joint venture operations with other mining companies to develop the Duke Mine. There can be no assurance that the Company will be successful in its efforts to locate outside capital and as a result the level of the Company' s mining activities may need to be curtailed, deferred or abandoned entirely.

The level of the Company' s capital expenditures will vary in the future depending on commodity market conditions and upon the level of oil and gas activity achieved by the Company and the success of its remedial workover operations. The Company anticipates that its cash flow will be insufficient to fund its operations at their current levels and that additional funds or borrowings will be required for expansion. Because the timing of acquisitions of additional oil and gas properties is uncertain, additional borrowings will be required to fund new acquisitions and the timing of those borrowings is uncertain. The Company has unused availability under its existing credit facility that can be used to complete some additional acquisitions, subject to lender approval. Depending upon the size of a potential new acquisition, the Company believes it may be necessary to raise equity, either through the issuance of additional shares to new investors or the sale of certain of its remaining oil and gas properties. The Company is pursuing additional acquisitions at the present time.

The Company has obtained certain unsecured loans from its Chairman and President, Jeffrey T. Wilson, which total in principal approximately $475,130 as of October 31, 2007. These funds have been used to initiate the Company' s oil and gas and mining activities and fund its overhead requirements. Management believes that the Company will not need to borrow additional funds from these sources in the future.

At October 31, 2007, the Company had current assets of $727,633 and current liabilities of $2,475,324, which resulted in negative working capital of $1,747,691. The negative working capital position is comprised of trade accounts payable of $934,107, of accrued expenses payable of $490,099 consisting primarily of interest payable and revenue in suspense, notes payable to the Company' s President of $475,130, and third party notes payable of $108,174. As of October 31, 2007 the Company had cash and cash equivalents of $104,695.

Long-Term Debt

The Company has two credit facilities in place in connection with its oil and gas operations: (a.) an $15,000,000 Revolving Loan that expires on April 14, 2009 and (b.) a $350,000 subordinated note payable to Bank of Oklahoma that expires on April 14, 2009. (Also see above section, *Capital Resources and Liquidity*.)

Revolving Loan

The Company completed the Revolving Loan, an $15 million revolving financing of which approximately $9.6 million was required at closing, including approximately $0.25 million in working capital, $0.3 million for the Caltex acquisition and $0.6 million in development capital for workovers. The availability under the Revolving Loan is subject to semi-annual evaluations of the Company' s oil and gas reserve base as determined by the Lender and is reduced monthly based upon re-determinations by the Company after taking into effect price changes and net production. As of the closing date of April 2007, the Company had available borrowing capacity of approximately $10.5 million based upon the current oil and gas properties evaluation. The Revolving Loan has a term of 2 years (April 14, 2009) and an interest rate of LIBOR plus 1,100 basis points and subject to a LIBOR floor of 5%. (The LIBOR Rate for July 2007 was 5.37%). The Revolving Loan is subject to the normal and customary financial covenants and is secured by a first mortgage and lien right to all of the Company' s operations and assets. In addition the Lender is granted a 2.5 % over-riding royalty interest payable from the monthly production of the Company. As of October 31, 2007 the Company was in compliance with the covenants of credit agreements.

Subordinated Debt

In connection with the Revolving Loan, the Company also completed a subordinated financing of approximately $350,000 with a Bank of Oklahoma. The terms of the Subordinated Financing are a term of 2 years from the closing date (April 14, 2009) and an interest rate of 8% per annum paid in kind and accrued to the loan balance due at maturity. The Company can retire the Subordinated debt only after payment of the Revolving Loan. As of October 31, 2007, the Company was in compliance with the covenants of the debt agreement.

Item 3. Quantative and Qualitative Disclosures Regarding Market Risk.

Commodity Risk

Our major commodity price risk exposure is to the prices received for our natural gas and oil production. Realized prices for our production are the spot prices applicable to natural gas and crude oil. Prices received for natural gas and oil are volatile and unpredictable and are beyond our control.

Interest Rate Risk

We have long-term debt subject to risk of loss associated with movements in interest rates.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company' s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934, as amended, including this Report, is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms.

At present, as the sole employee of the Company, the President and Chairman of the Company, Mr. Wilson, has concluded based on his evaluation of the effectiveness of the design and operation of the Company' s disclosure controls and procedures pursuant to Rule 13a.15 under the Securities Exchange Act of 1934, as amended, as of October 31, 2007, that the Company' s disclosure controls and procedures are effective and that no changes or improvements and modifications to the Company' s internal accounting processes were required to ensure that material information was accumulated and communicated to management, including Mr. Wilson, as appropriate to allow timely decisions regarding required disclosure in the Company' s filings with the SEC.

Changes in Internal Control over Financial Reporting

There have been no changes to the Company' s system of internal control over financial reporting during the period ended October 31, 2007, that has materially affected, or is reasonably likely to materially affect, the Company' s system of controls over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a named defendant in lawsuits, is a party in governmental proceedings, and is subject to claims of third parties from time to time arising in the ordinary course of business. While the outcome of lawsuits or other proceedings and claims against the Company cannot be predicted with certainty, management does not expect these matters to have a material adverse effect on the financial position of the Company.

On November 20, 2000, the Company filed suit in Federal District Court in Tulsa County, Oklahoma, against Ravello Capital LLC. The suit alleged breach of contract and sought to have the contract declared partially performed in the amount of 474,900 and sought relief in the amount of $488,390 for the unpaid consideration and punitive damages and attorney fees. The Company received a judgment award against Ravello in the amount of $488,390 and subsequently collected and credited the judgment award against Ravello in the amount of $85,638.02 as a result of the re-issuance of certain of its shares in Warrior, held by Ravello in escrow and not released. The Company does not believe it will be successful in collecting the balance of the judgment against Ravello.

The Company, through its predecessor in interest, was named with others in a breach of its duties to act as a reasonably prudent operator in the development of the Crump Gas Unit in Panola County, Texas. The Crump Unit encompasses the Company' s Mittie Horton well. The Plaintiff was seeking a cancellation of the lease for failure to produce hydrocarbons in paying quantities or alternatively to establish a lien against the leasehold to secure payment of plaintiff' s damages resulting from the Company' s failure to develop the property. The Company executed a farmout agreement with Burke Royalty ("Burke"), a co-defendant in the suit, regarding the acreage in question. Burke negotiated a settlement under which the Plaintiffs would arrange to drill additional wells. The Company has a 12.5% carried working interest in the first well drilled in the unit and the right to participate for a 12.5% working interest in subsequent wells. Chesapeake is the operator of the exploration agreement and has not recognized the Company' s interest in these wells to date. The Company has contacted Chesapeake and has provided documentation to Chesapeake which the Company believes demonstrates its ownership. No response from Chesapeake has been received yet.

Item 1A. Risk Factors.

In addition to the other information set forth elsewhere in this Form 10-K, you should carefully consider the following factors when evaluating the Company. An investment in the Company is subject to risks inherent in our business. The trading price of the shares of the Company is affected by the performance of our business relative to, among other things, competition, market conditions and general economic and industry conditions. The value of an investment in the Company may decrease, resulting in a loss. The risk factors listed below are not all inclusive.

We have a history of losses and currently operate under the terms of a Forbearance Agreement with our senior lender.

We have had a history of net losses for at least the past three years and we currently operate under the terms of a Forbearance Agreement and amendments thereto with our senior lender. If we are not successful in re-structuring our senior debt, our senior lender may foreclose on our properties.

Natural gas and oil prices fluctuate widely, and low prices would have a material adverse effect on our revenues, profitability and growth.

Our revenues, profitability and future growth will depend significantly on natural gas and crude oil prices. Prices received also will affect the amount of future cash flow available for capital expenditures and repayment of indebtedness and will affect our ability to raise additional capital. Lower prices may also affect the amount of natural gas and oil that we can economically produce. Factors that can cause price fluctuations include:

The domestic and foreign supply of natural gas and oil.

Overall economic conditions.

The level of consumer product demand.

Adverse weather conditions and natural disasters.

The price and availability of competitive fuels such as heating oil and coal.

Political conditions in the Middle East and other natural gas and oil producing regions.

The level of LNG imports.

Domestic and foreign governmental regulations.

Potential price controls and special taxes.

We depend on the services of our chairman, chief executive officer and chief financial officer, and implementation of our business plan could be seriously harmed if we lost his services.

We depend heavily on the services of Jeffrey T. Wilson, our chairman, chief executive officer, and chief financial officer. We do not have an employment agreement with Mr. Wilson, and we do not presently have a "key person" life insurance policy on Mr. Wilson to offset our losses in the event of Mr. Wilson' s death.

Our ability to successfully execute our business plan is dependent on our ability to obtain adequate financing.

Our business plan, which includes participation in 3-D seismic shoots, lease acquisitions, the drilling of exploration prospects and producing property acquisitions, has required and will require substantial capital expenditures. We may require additional financing to fund our planned growth. Our ability to raise additional capital will depend on the results of our operations and the status of various capital and industry markets at the time we seek such capital. Accordingly, we cannot be certain that additional financing will be available to us on acceptable terms, if at all. In particular, our credit facility imposes limits on our ability to borrow under the facility based on adjustments to the value of our hydrocarbon reserves, and our credit facility limits our ability to incur additional indebtedness. In the event additional capital resources are unavailable, we may be required to curtail our exploration and development activities or be forced to sell some of our assets in an untimely fashion or on less than favorable terms.

Natural gas and oil reserves are depleting assets and the failure to replace our reserves would adversely affect our production and cash flows.

Our future natural gas and oil production depends on our success in finding or acquiring new reserves. If we fail to replace reserves, our level of production and cash flows would be adversely impacted. Production from natural gas and oil properties decline as reserves are depleted, with the rate of decline depending on reservoir characteristics. Our total proved reserves will decline as reserves are produced unless we conduct other successful exploration and development activities or acquire properties containing proved reserves, or both. Further, the majority of our reserves are proved developed producing. Accordingly, we do not have significant opportunities to increase our production from our existing proved reserves. Our ability to make the necessary capital investment to maintain or expand our asset base of natural gas and oil reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. We may not be successful in exploring for, developing or acquiring additional reserves. If we are not successful, our future production and revenues will be adversely affected.

Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions could materially affect the quantities and present values of our reserves.

The process of estimating natural gas and oil reserves is complex. It requires interpretations of available technical data and various assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this report.

In order to prepare these estimates, our independent third party petroleum engineer must project production rates and timing of development expenditures as well as analyze available geological, geophysical, production and engineering data, and the extent, quality and reliability of this data can vary. The process also requires economic assumptions relating to matters such as natural gas and oil prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Therefore, estimates of natural gas and oil reserves are inherently imprecise.

Actual future production, natural gas and oil prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable natural gas and oil reserves most likely will vary from our estimates. Any significant variance could materially affect the estimated quantities and pre-tax net present value of reserves shown in this report. In addition, estimates of our proved reserves may be adjusted to reflect production history, results of exploration and development, prevailing natural gas and oil prices and other factors, many of which are beyond our control. Some of the producing wells included in our reserve report have produced for a relatively short period of time. Because some of our reserve estimates are not based on a lengthy production history and are calculated using volumetric analysis, these estimates are less reliable than estimates based on a more lengthy production history.

You should not assume that the pre-tax net present value of our proved reserves prepared in accordance with SEC guidelines referred to in this report is the current market value of our estimated natural gas and oil reserves. We base the pre-tax net present value of future net cash flows from our proved reserves on prices and costs on the date of the estimate. Actual future prices, costs, taxes and the volume of produced reserves may differ materially from those used in the pre-tax net present value estimate.

Exploration is a high risk activity, and our participation in drilling activities may not be successful.

Our future success will largely depend on the success of our exploration drilling program. Participation in exploration drilling activities involves numerous risks, including the risk that no commercially productive natural gas or oil reservoirs will be discovered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

Unexpected drilling conditions.

Blowouts, fires or explosions with resultant injury, death or environmental damage.

Pressure or irregularities in formations.

Equipment failures or accidents.

Tropical storms, hurricanes and other adverse weather conditions.

Compliance with governmental requirements and laws, present and future.

Shortages or delays in the availability of drilling rigs and the delivery of equipment.

Even when properly used and interpreted, 3-D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators. They do not allow the interpreter to know conclusively if hydrocarbons are present or economically producible. Poor results from our drilling activities would materially and adversely affect our future cash flows and results of operations.

In addition, as a “successful efforts” company, we choose to account for unsuccessful exploration efforts (the drilling of “dry holes”) and seismic costs as a current expense of operations, which immediately impacts our earnings. Significant expensed exploration charges in any period would materially adversely affect our earnings for that period and cause our earnings to be volatile from period to period.

The natural gas and oil business involves many operating risks that can cause substantial losses.

The natural gas and oil business involves a variety of operating risks, including:

Blowouts, fires and explosions.

Surface cratering.

Uncontrollable flows of underground natural gas, oil or formation water.

Natural disasters.

Pipe and cement failures.

Casing collapses.

Stuck drilling and service tools.

Abnormal pressure formations.

Environmental hazards such as natural gas leaks, oil spills, pipeline ruptures or discharges of toxic gases.

If any of these events occur, we could incur substantial losses as a result of:

Injury or loss of life.

Severe damage to and destruction of property, natural resources or equipment.

Pollution and other environmental damage.

Clean-up responsibilities.

Regulatory investigations and penalties.

Suspension of our operations or repairs necessary to resume operations.

Offshore operations are subject to a variety of operating risks peculiar to the marine environment, such as capsizing and collisions. In addition, offshore operations, and in some instances, operations along the Gulf Coast, are subject to damage or loss from hurricanes or other adverse weather conditions. These conditions can cause substantial damage to facilities and interrupt production. As a result, we could incur substantial liabilities that could reduce the funds available for exploration, development or leasehold acquisitions, or result in loss of properties.

If we were to experience any of these problems, it could affect well bores, platforms, gathering systems and processing facilities, any one of which could adversely affect our ability to conduct operations. In accordance with customary industry practices, we maintain insurance against some, but not all, of these risks. Losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. We may not be able to maintain adequate insurance in the future at rates we consider reasonable, and particular types of coverage may not be available. An event that is not fully covered by insurance could have a material adverse effect on our financial position and results of operations.

Not hedging our production may result in losses.

Due to the significant volatility in natural gas prices and the potential risk of significant hedging losses if NYMEX natural gas prices spike on the date options settle, our production is not currently hedged. By not hedging our production, we may be more adversely affected by declines in natural gas and oil prices than our competitors who engage in hedging arrangements.

Our ability to market our natural gas and oil may be impaired by capacity constraints on the gathering systems and pipelines that transport our natural gas and oil.

All of our natural gas and oil is transported through gathering systems and pipelines, which we do not own. Transportation capacity on gathering systems and pipelines is occasionally limited and at times unavailable due to repairs or improvements being made to these facilities or due to capacity being utilized by other natural gas or oil shippers that may have priority transportation agreements. If the gathering systems or our transportation capacity is materially restricted or is unavailable in the future, our ability to market our natural gas or oil could be impaired and cash flow from the affected properties could be reduced, which could have a material adverse effect on our financial condition and results of operations.

We have no assurance of title to our leased interests.

Our practice in acquiring exploration leases or undivided interests in natural gas and oil leases is to not incur the expense of retaining title lawyers to examine the title to the mineral interest prior to executing the lease. Instead, we rely upon the judgment of third party landmen to perform the field work in examining records in the appropriate governmental, county or parish clerk' s office before leasing a specific mineral interest. This practice is widely followed in the industry. Prior to the drilling of an exploration well the operator of the well will typically obtain a preliminary title review of the drillsite lease and/or spacing unit within which the proposed well is to be drilled to identify any obvious deficiencies in title to the well and, if there are deficiencies, to identify measures necessary to cure those defects to the extent reasonably possible. We have no assurance, however, that any such deficiencies have been cured by the operator of any such wells. It does happen, from time to time, that the examination made by title lawyers reveals that the lease or leases are invalid, having been purchased in error from a person who is not the rightful owner of the mineral interest desired. In these circumstances, we may not be able to proceed with our exploration and development of the lease site or may incur costs to remedy a defect. It may also happen, from time to time, that the operator may elect to proceed with a well despite defects to the title identified in the preliminary title opinion.

Competition in the natural gas and oil industry is intense, and we are smaller and have a more limited operating history than most of our competitors.

We compete with a broad range of natural gas and oil companies in our exploration and property acquisition activities. We also compete for the equipment and labor required to operate and to develop these properties. Most of our competitors have substantially greater financial resources than we do. These competitors may be able to pay more for exploratory prospects and productive natural gas and oil properties. Further, they may be able to evaluate, bid for and purchase a greater number of properties and prospects than we can. Our ability to explore for natural gas and oil and to acquire additional properties in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in this highly competitive environment. In addition, most of our competitors have been operating for a much longer time than we have and have substantially larger staffs. We may not be able to compete effectively with these companies or in such a highly competitive environment.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous laws and regulations governing the operation and maintenance of our facilities and the discharge of materials into the environment. Failure to comply with such rules and regulations could result in substantial penalties and have an adverse effect on us. These laws and regulations may:

Require that we obtain permits before commencing drilling.

Restrict the substances that can be released into the environment in connection with drilling and production activities.

Limit or prohibit drilling activities on protected areas, such as wetlands or wilderness areas.

Require remedial measures to mitigate pollution from former operations, such as plugging abandoned wells.

Under these laws and regulations, we could be liable for personal injury and clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. We maintain only limited insurance coverage for sudden and accidental environmental damages. Accordingly, we may be subject to liability, or we may be required to cease production from properties in the event of environmental damages. These laws and regulations have been changed frequently in the past. In general, these changes have imposed more stringent requirements that increase operating costs or require capital expenditures in order to remain in compliance. It is also possible that unanticipated factual developments could cause us to make environmental expenditures that are significantly different from those we currently expect. Existing laws and regulations could be changed and any such changes could have an adverse effect on our business and results of operations.

We cannot control the activities on properties we do not operate.

Other companies currently operate properties in which we have an interest. As a result, we have a limited ability to exercise influence over operations for these properties or their associated costs. Our dependence on the operator and other working interest owners for these projects and our limited ability to influence operations and associated costs could materially adversely affect the realization of our targeted returns on capital in drilling or acquisition activities. The success and timing of our drilling and development activities on properties operated by others therefore depend upon a number of factors that are outside of our control, including:

Timing and amount of capital expenditures.

The operator’ s expertise and financial resources.

Approval of other participants in drilling wells.

Selection of technology.

Acquisition prospects are difficult to assess and may pose additional risks to our operations.

We expect to evaluate and, where appropriate, pursue acquisition opportunities on terms our management considers favorable. In particular, we expect to pursue acquisitions that have the potential to increase our domestic natural gas and oil reserves. The successful acquisition of natural gas and oil properties requires an assessment of:

Recoverable reserves.

Exploration potential.

Future natural gas and oil prices.

Operating costs.

Potential environmental and other liabilities and other factors.

Permitting and other environmental authorizations required for our operations.

In connection with such an assessment, we would expect to perform a review of the subject properties that we believe to be generally consistent with industry practices. Nonetheless, the resulting conclusions are necessarily inexact and their accuracy inherently uncertain, and such an assessment may not reveal all existing or potential problems, nor will it necessarily permit a buyer to become sufficiently familiar with the properties to fully assess their merits and deficiencies. Inspections may not always be performed on every platform or well, and structural and environmental problems are not necessarily observable even when an inspection is undertaken.

Future acquisitions could pose additional risks to our operations and financial results, including:

Problems integrating the purchased operations, personnel or technologies.

Unanticipated costs.

Diversion of resources and management attention from our exploration business.

Entry into regions or markets in which we have limited or no prior experience.

Potential loss of key employees, particularly those of the acquired organizations.

We do not currently intend to pay dividends on our common stock.

We have never declared or paid a dividend on our common stock and do not expect to do so in the foreseeable future. Our current plan is to retain any future earnings for funding growth, and, therefore, holders of our common stock will not be able to receive a return on their investment unless they sell their shares.

Anti-takeover provisions of our certificate of incorporation, bylaws and Nevada law could adversely effect a potential acquisition by third parties that may ultimately be in the financial interests of our stockholders.

Our certificate of incorporation, bylaws and the Nevada General Corporation Law contain provisions that may discourage unsolicited takeover proposals. These provisions could have the effect of inhibiting fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts, preventing changes in our management or limiting the price that investors may be willing to pay for shares of common stock. These provisions, among other things, authorize the board of directors to:

Designate the terms of and issue new series of preferred stock.

Limit the personal liability of directors.

Limit the persons who may call special meetings of stockholders.

Prohibit stockholder action by written consent.

Establish advance notice requirements for nominations for election of the board of directors and for proposing matters to be acted on by stockholders at stockholder meetings.

Require us to indemnify directors and officers to the fullest extent permitted by applicable law.

Impose restrictions on business combinations with some interested parties.

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Our common stock is thinly traded.

Imperial has approximately 16 million shares of common stock outstanding, held by approximately 606 holders of record. Directors and officers own or have voting control over approximately 3.62 million shares. Since our common stock is thinly traded, the purchase or sale of relatively small common stock positions may result in disproportionately large increases or decreases in the price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

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.

10. Purchase and Sale Agreement, dated May 1, 2006 incorporated herein by reference to Form 8-K filed May 5, 2006

31.1 Section 302 Certification of CEO *[Please note the Company does not presently have a CFO.]*

32. Section 906 Certification by CEO

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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 there unto duly authorized.

Imperial Petroleum, Inc.

By: /s/ Jeffrey T. Wilson
Jeffrey T. Wilson,
President and Chief Executive Officer

Dated: December 10, 2007

EXHIBIT 31.1

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, JEFFREY T. WILSON, on behalf of IMPERIAL PETROLEUM, INC., hereby certify that:

1. I have reviewed this quarterly report on Form l0-Q of the registrant, Imperial Petroleum, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The Registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Act of 1934 Rules 13a-l4 and 15d-l4) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant' s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) disclosed in this quarterly report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors.

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant' s ability to record, process, summarize and report financial data and have identified for the registrant' s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls.

Date: December 10, 2007

Imperial Petroleum, Inc.

By: /s/ Jeffrey T. Wilson

Jeffrey T. Wilson,
President and Chief Executive Officer

EXHIBIT 32

SARBANES-OXLEY SECTION 906 CERTIFICATION

In connection with the quarterly report of IMPERIAL PETROLEUM, INC. (the “Company”) on Form l0-Q for the quarter period ended October 31, 2007, JEFFREY T. WILSON, on behalf of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the SARBANES - OXLEY Act of 2002, that to the best of his knowledge:

1. The quarterly report fully complies with the requirements of Section 13(a) of the Securities Act of 1934; and

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

Date: December 10, 2007

Imperial Petroleum, Inc.

By: /s/ Jeffrey T. Wilson
Jeffrey T. Wilson,
President and Chief Executive Officer