

# 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: **2001-02-02** | Period of Report: **2000-12-31**  
SEC Accession No. **0001015402-01-000286**

([HTML Version](#) on [secdatabase.com](#))

### FILER

#### ASPEN GROUP RESOURCES CORP

CIK: **1023947** | IRS No.: **980164357** | State of Incorp.: **A6** | Fiscal Year End: **0630**  
Type: **10QSB** | Act: **34** | File No.: **001-13509** | Film No.: **1521990**  
SIC: **1382** Oil & gas field exploration services

#### Mailing Address

3300 BANK ONE CENTER 100  
N BROADWAY  
STE 300  
OKLAHOMA CITY OK  
731028805

#### Business Address

3300 BANK ONE CENTER  
STE 300  
OKLAHOMA CITY OK 73102  
4056068500

-----  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB  
(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 0-28814

ASPEN GROUP RESOURCES CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

YUKON, CANADA  
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

98-0164357  
(I.R.S. EMPLOYER IDENTIFICATION NO.)

3300 BANK ONE CENTER  
100 NORTH BROADWAY  
OKLAHOMA CITY, OKLAHOMA 73102  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

TELEPHONE NUMBER (405) 606-8500  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by 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      X              No  
          -              -

As of January 26, 2001 there were 19,053,827 shares of the Registrant's Common Stock outstanding.

-----  
ASPEN GROUP RESOURCES CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

Page No.

Item 1. Condensed Consolidated Financial Statements:

Condensed Consolidated Balance Sheet as of  
December 31, 2000 (unaudited) 3

Condensed Consolidated Statements of  
Operations for three and six months ended  
December 31, 2000 and 1999 (unaudited) 4

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

PART 11. OTHER INFORMATION

Item 1. Legal Proceedings

Item 5. Other Information

Signatures

-2-

<TABLE>

<CAPTION>

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ASPEN GROUP RESOURCES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET

December 31, 2000

(Expressed in U.S. Dollars)

(Unaudited)

ASSETS

CURRENT ASSETS:

<S>	<C>
Cash	\$ 67,745
Accounts receivable	3,510,049
Materials and supplies inventory	76,856
	-----
Total Current Assets	3,654,650

PROVED OIL and GAS PROPERTIES (full cost method)

Net of accumulated depletion of \$2,737,616 44,642,846

OFFICE FURNITURE and EQUIPMENT

Net of accumulated depreciation of \$120,557 390,695

OTHER ASSETS

8,880

Total Assets \$ 48,697,071  
=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable \$ 1,175,384

Accrued expenses 211,707

Accrued interest 150,593

Notes payable and current maturities of long-term debt 5,120,000

Total Current Liabilities 6,657,684  
-----

LONG-TERM DEBT, LESS CURRENT MATURITIES 9,314,060

STOCKHOLDERS' EQUITY:

Preferred Stock, no par value, authorized-unlimited,  
none issued -

Common Stock, no par value, authorized-unlimited, 19,053,827 issued	45,665,595
Less subscriptions for 122,535 shares	(214,436)
Warrants and beneficial conversion feature	823,695
Accumulated Deficit	(13,549,527)
	-----
Total Stockholders' Equity	32,725,327
	-----
Total Liabilities and Stockholders' Equity	\$ 48,697,071
	=====

</TABLE>

See accompanying notes to these condensed consolidated financial statements

-3-

<TABLE>  
<CAPTION>

ASPEN GROUP RESOURCES CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF  
OPERATIONS  
(Expressed in U.S. Dollars)  
(Unaudited)

	Three Months Ended December 31		Six Months Ended December 31	
	2000	1999	2000	1999
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
REVENUE:				
Oil and gas sales	\$ 3,035,493	\$ 652,417	\$ 5,223,055	\$ 1,310,001
Equipment sales	-	-	-	19,913
	-----	-----	-----	-----
Total Revenue	3,035,493	652,417	5,223,055	1,329,914
	-----	-----	-----	-----
EXPENSES:				
Oil and gas production	753,474	91,619	1,344,015	134,820
Equipment operations	-	-	-	9,946
General and administrative	492,054	248,331	911,872	462,711
Depreciation and depletion	505,498	53,858	975,304	102,925
	-----	-----	-----	-----
Total Expenses	1,751,026	393,808	3,231,191	710,402
	-----	-----	-----	-----
INCOME FROM OPERATIONS	1,284,467	258,609	1,991,864	619,512
Interest and financing expense	(283,363)	(123,527)	(556,670)	(249,083)
	-----	-----	-----	-----
INCOME BEFORE TAXES	1,001,104	135,082	1,435,194	370,429
INCOME TAXES None, due to application of prior loss)	-	-	-	-
	-----	-----	-----	-----
NET INCOME BEFORE MINORITY INTEREST	1,001,104	135,082	1,435,194	370,429
	-----	-----	-----	-----
MINORITY INTEREST	-	80,676	-	249,259
	-----	-----	-----	-----
NET INCOME	\$ 1,001,104	\$ 54,406	\$ 1,435,194	\$ 121,170
	=====	=====	=====	=====
NET INCOME PER SHARE	\$ 0.05	\$ 0.01	\$ 0.08	\$ 0.02
	=====	=====	=====	=====
WEIGHTED AVERAGE				

SHARES	18,410,962	8,535,933	18,314,385	6,800,074
--------	------------	-----------	------------	-----------

=====	=====	=====	=====	=====
-------	-------	-------	-------	-------

</TABLE>

See accompanying notes to these condensed consolidated financial statements

-4-

<TABLE>  
<CAPTION>

ASPEN GROUP RESOURCES CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
(Expressed in U.S. Dollars)  
(Unaudited)

	Six months ended December 31,	
	2000	1999
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,435,194	\$ 121,170
Adjustments to reconcile net cash (used) provided by operating activities		
Depreciation and depletion	975,304	102,925
Minority Interest in earnings of subsidiary	-	249,259
Changes in Operating Assets and Liabilities		
Accounts payable and accrued liabilities	588,237	(551,808)
Materials and supplies inventory	449	20,345
Accounts receivable and other prepaids	(1,724,537)	(263,281)
Other	62,503	18,291
Net cash provided by operating activities	----- 1,337,150	----- (303,099)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of Oil & Gas Properties	201,583	-
Oil & Gas Properties Purchased	(2,137,953)	-
Exploration & Development Cost Capitalized	(1,131,512)	(152,919)
Additions to office furniture and equipment	(169,239)	(52,464)
Net cash (used) by investing activities	----- (3,237,121)	----- (205,383)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of common stock and exercise of warrants	238,500	715,250
Proceeds from Long Term Debt	1,918,712	200,000
Cash obtained in acquisition of East Wood Energy Venture, Inc.	-	66,816
Costs related to sale of stock and notes	(33,530)	(39,448)
Repayment of notes payable	(275,212)	(389,407)
Retirement of Common Stock	(200,000)	-
Net cash provided (used) by financing activities	----- 1,648,470	----- 553,211
INCREASE (DECREASE) IN CASH	----- (251,501)	----- 44,729
CASH - Beginning of period	319,246	9,083
CASH - End of period	----- \$ 67,745	----- \$ 53,812
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 283,363	\$ 249,083
Oil and gas properties acquired with common stock and special warrants	2,220,000	6,773,070
Acquisition consulting fees paid in stock	30,500	367,083
Related party advances and accrued salaries paid in stock	-	500,000

</TABLE>

NOTES TO CONDENSED FINANCIAL STATEMENTS  
(Expressed in U.S. Dollars)  
(Unaudited)

(A) Nature of Business and Basis of Preparation and Presentation

Aspen Group Resources Corporation's (the "Company") primary strategic business focus is to build value through the development of its existing producing Oil and Gas Properties by conducting an active exploitation program on these Properties and pursuing the acquisition, development and exploitation of Oil and Gas Properties that offer the potential for increased production while continuing to aggressively control costs.

The Condensed Consolidated Financial Statements of Aspen Group Resources Corporation and Subsidiaries (collectively "Aspen Group" or the "Company") included herein have been prepared by Aspen Group without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, since Aspen Group believes that the disclosures included are adequate to make the information presented not misleading. In the opinion of Management, the Condensed Consolidated Financial Statements include all adjustments consisting of normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows as of the dates and for the periods presented. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included for the fiscal year ended June 30, 2000.

(B) Earnings per Share

Diluted earnings per share for the six month periods ending December 31, 2000 and 1999 are the same as basic earnings per share because the exercise of potentially dilutive securities would not have a significant effect. Shares outstanding reflect a reverse 7:1 split and is proportioned retroactively.

(C) Common Stock

During the six month period ended December 31, 2000, the Company issued 189,286 shares of common stock for \$1.26 per share upon the exercise of warrants, 785,714 shares of common stock valued at \$2,220,000 for the acquisition of property and 23,969 shares of common stock for services rendered.

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

(A) Results of Operations

Three Months Fiscal 2001 and Three Months Fiscal 2000

During the three months ended December 31, 2000, Aspen Group earned net income of \$ 1,001,104 which compares to net income of \$54,406 during the second three months of fiscal 2000. The increase in earnings is a result of increased product prices as well as additional property acquisitions and development.

Oil and gas sales increased to \$3,035,493 during the three months ended December 31, 2000, an increase of \$ 2,383,076 or 365%, compared to last year. This increase reflects the results of oil and gas properties acquired during the last year. The Properties which are located in Alabama, Arkansas, California, Louisiana, Michigan, Mississippi, Montana, New Mexico, Oklahoma, Texas and Wyoming represent additional interests in 1,050 Producing Oil and Gas Properties, making the total Properties currently owned of approximately 1,450.

General and Administrative expenses increased approximately 98% to \$492,054 during the three months ended December 31, 2000. The increase reflects the

expansion of staff related to the operation of the newly acquired Oil and Gas Properties.

Six Months Fiscal 2001 and Six Months Fiscal 2000

During the six months ended December 31, 2000, Aspen Group earned net income of \$1,435,194 which compares to net income of \$121,170 during the first six months of fiscal 2000. The increase in earnings is a result of increased product prices as well as additional property acquisitions and development.

-6-

Oil and gas sales increased to \$5,223,055 during the six months ended December 31, 2000, an increase of \$ 3,913,054 or 299%, compared to last year. This increase reflects the results of oil and gas properties acquired during the last year. The Properties which are located in Alabama, Arkansas, California, Louisiana, Michigan, Mississippi, Montana, New Mexico, Oklahoma, Texas and Wyoming represent additional interests in 1,050 Producing Oil and Gas Properties, making the total Properties currently owned of approximately 1,450.

General and Administrative expenses increased approximately 97% to \$911,872 during the six months ended December 31, 2000. The increase reflects the expansion of staff related to the operation of the newly acquired Oil and Gas Properties.

#### Liquidity and Capital Resources

As of December 31, 2000, Aspen Group Resources has a working capital deficit of \$ 3,003,034 calculated by subtracting current liabilities of \$ 6,657,684 from current assets of \$ 3,654,650. Aspen Group Resources intends to finance its development activities with the proceeds from private placements, exercise of warrants and traditional bank debt. No assurance can be given that the Company will be successful in these efforts.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

As of the date of this filing, there are no legal proceedings pending against Aspen Group Resources, that in Management's opinion would have a material adverse effect on the Company's Financial position.

### Item 2. Changes In Securities and Use of Proceeds

On December 20, 2000, Stockholders approved a 7:1 reverse stock split. Holders of Aspen Group common stock will receive one new share for every seven shares previously held.

During the three months ended December 31, 2000, Aspen Group issued the following shares that were not registered under the Securities Act:

785,714 shares valued a \$2,220,000 in connection with the Acquisition of Oil & Gas Properties,

23,969 shares valued at \$30,500 as consideration for services, and

189,286 shares upon exercise of warrants priced at \$1.26 per share

These issuances of securities were made in reliance on Section 4 (2) of the Securities Act. The Company determined that the purchasers of these securities were sophisticated investors who had the financial ability to assume the risk of their total investment, acquired the securities for their own account and not with a view to any distribution to the public.

### Item 5. Other Information

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

Certain statements in this filing, and elsewhere (such as in other filings by Aspen Group Resources with the Commission, press releases, presentations by Aspen Group Resources or its management and oral statements) constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Aspen Group Resources to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, (i) significant variability in Aspen Group's quarterly revenues and results of operations as a result of variations in the Aspen Group's production in a particular quarter while a significant percentage of its operating expenses are fixed in advance, (ii) changes in the prices of oil and gas, (iii) Aspen Group's ability to obtain capital and (iv) other risk factors commonly faced by small oil and gas companies.

-7-

#### SIGNATURES

Pursuant to the requirement 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.

Dated: February 2, 2001

ASPEN GROUP RESOURCES CORPORATION  
(Registrant)

/s/ Jack E. Wheeler  
Jack E. Wheeler  
Chief Executive Officer

-8-



<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND THE CONDENSED CONSOLIDATED BALANCE SHEET AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH DECEMBER 2000 10QSB

</LEGEND>

<MULTIPLIER> 1

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	JUN-30-2001
<PERIOD-START>	OCT-01-2000
<PERIOD-END>	DEC-31-2000
<CASH>	67,745
<SECURITIES>	0
<RECEIVABLES>	3,510,049
<ALLOWANCES>	0
<INVENTORY>	76,856
<CURRENT-ASSETS>	3,654,650
<PP&E>	47,900,594
<DEPRECIATION>	2,858,173
<TOTAL-ASSETS>	48,697,071
<CURRENT-LIABILITIES>	6,657,684
<BONDS>	9,314,060
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	45,665,595
<OTHER-SE>	(12,940,268)
<TOTAL-LIABILITY-AND-EQUITY>	48,697,071
<SALES>	3,035,493
<TOTAL-REVENUES>	3,035,493
<CGS>	753,474
<TOTAL-COSTS>	753,474
<OTHER-EXPENSES>	997,552
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	283,363
<INCOME-PRETAX>	1,001,104
<INCOME-TAX>	0
<INCOME-CONTINUING>	1,001,104
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	1,001,104
<EPS-BASIC>	.05
<EPS-DILUTED>	.05

</TABLE>