MAJESTIC OIL & GAS
Form 10QSB
August 20, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended: June 30, 2007

OR

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

For the transition period from ___________ to ___________

MAJESTIC OIL & GAS INC.
(Name of small business issuer in its charter)

20-3955577
(I.R.S. employer identification number)

P.O Box 488 Cut Bank, Montana	59427
(Address of principal executive offices)	(Zip code)

Issuer's telephone number: 406-873-5580

SEC File Number: File No. 333-127813

Check whether the issuer: (1) filed all reports required to be filed by Section13 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 x No o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o Nox

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,372,000 shares of common stock outstanding as of
June 30, 2007.

Transitional Small Business Disclosure Format (check one): Yes o No x

TABLE OF CONTENTS

PART I - Financial Information	3
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Controls and Procedures	14
PART II - OTHER INFORMATION	14
Item 1. Legal Proceedings	14
Item 2. Changes in Securities	14
Item 3. Defaults upon Senior Securities.	15
Item 4. Submission of Matters to a Vote of Security Holders.	15
Item 5. Other Information.	15
Item 6. Exhibits	15

PART I - Financial Information

Item 1. Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("Commission"). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, contained in the Majestic Oil & Gas's latest annual report filed with the Commission on Form 10-KSB.

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2007 UNAUDITED	December 31 2006
ASSETS		
Cash and cash equivalents	$ 140,088	$ 189,304
Trade receivables	7,581	8,444
Total Current Assets	147,669	197,748
OIL AND GAS PROPERTIES		
Oil and gas properties, using the full cost method of accounting:		
Properties being amortized	192,187	192,187
Properties not subject to amortization	47,088	-
Less accumulated depletion, amortization and impairment	(57,100)	(50,500)
Net Oil and Gas Properties	182,175	141,687
OTHER ASSETS		
Website development costs	2,500	-
Total Assets	$ 332,344	$ 339,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 10,646	$ 3,319
Production taxes and royalties payable	2,523	12,225
Total Liabilities	13,169	15,544
Common stock, no par value-		
Authorized Shares - 100,000,000		
Issued & Outstanding: 6,372,000 shares	657,000	624,000
(Deficit) accumulated during the development stage	(337,825)	(300,109)
Total Stockholders' Equity	319,175	323,891
	$ 332,344	$ 339,435

4

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2007 UNAUDITED	Three Months Ended June 30, 2006 UNAUDITED	Six Months Ended June 30, 2007 UNAUDITED	Six Months Ended June 30, 2006 UNAUDITED	Inception (April 16, 2002) To June 30, 2007 UNAUDITED
REVENUE	$ 7,582	$ 9,686	$ 16,377	$ 27,532	$ 271,784
EXPENSES					
Administrative staff	3,069	1,719	5,178	3,334	20,336
Organization expenses	-	-	-	-	301,115
Taxes & royalties	1,906	2,435	4,117	3,293	74,636
Well operating fees	250	250	375	500	6,919
Legal, accounting and filing fees	11,425	4,742	27,284	17,572	93,920
Consulting	2,500	-	2,500	-	30,500
Engineering	2,362	-	2,362	-	3,862
Travel	-	-	-	-	2,699
Depletion and amortization	3,100	5,000	6,600	10,000	57,100
Transfer agent fees	1,068	450	1,943	900	9,336
Bank charges	38	-	38	-	396
Field expenses	1,688	610	2,512	829	4,515
Office expenses	-	-	797	275	1,851
Phone and utilities	197	203	387	421	2,510
Currency exchange (gain) loss	-	-	-	-	(86)
	27,603	15,409	54,093	37,124	609,609
NET INCOME (LOSS)	(20,021)	(5,723)	$ (37,716)	(9,592)	$ (337,825)
EARNINGS PER SHARE					
Net Income, basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)	
Weighted average number of shares outstanding	6,251,470	6,240,000	6,251,470	6,240,000	
Diluted potential shares - stock warrants	-	-	-	-	
Adjusted weighted average shares	6,251,470	6,240,000	6,251,470	6,240,000	

5

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		(Deficit) Accumulated During Development Stage	
	Shares	**Amount**	**Stage**	**Total**
BEGINNING BALANCE, INCEPTION (APRIL 16, 2002) TO DECEMBER 31, 2004	-	$ -	$ -	$ -
Common stock issued	6,240,000	624,000	-	624,000
Net loss	-	-	(346,422)	(346,422)
BALANCE, DECEMBER 31, 2004	6,240,000	624,000	(346,422)	277,578
Common stock issued	-	-	-	-
Net income	-	-	66,381	66,381
BALANCE, DECEMBER 31, 2005	6,240,000	624,000	(280,041)	343,959
Common stock issued	-	-	-	-
Net loss	-	-	(20,068)	(20,068)
BALANCE, DECEMBER 31, 2006	6,240,000	624,000	(300,109)	323,891
Common stock issued (UNAUDITED)	132,000	33,000	-	33,000
Net loss for the six months ended June 30, 2007 (UNAUDITED)	-	-	(37,716)	(37,716)
BALANCE, JUNE 30, 2007 (UNAUDITED)	6,372,000	$ 657,000	$ (337,825)	$ 319,175

6

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2007 UNAUDITED	Six Months Ended June 30, 2006 UNAUDITED	Inception (April 16, 2002) Through June 30, 2007 UNAUDITED
OPERATING ACTIVITIES			
Net income (loss)	$ (37,716)	$ (9,592)	$ (337,825)
Changes and credits to net income (loss) not affecting cash			
Depletion and amortization	6,600	10,000	57,100
Organizational expenses paid with stock	-	-	300,000
Legal fees paid with stock	-	-	25,000
Changes in assets and liabilities			
Trade receivables	863	27,891	(7,581)
Production taxes and royalties payable	(9,702)	(2,510)	2,523
Accounts payable	7,327	-	10,646
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	(32,628)	25,789	49,863
INVESTING ACTIVITIES			
Website development	(2,500)	-	(2,500)
Additions to oil and gas properties	(47,088)	-	(79,275)
NET CASH USED FOR INVESTING ACTIVITIES	(49,588)	-	(81,775)
FINANCING ACTIVITIES			
Proceeds from issuance of stock	33,000	-	172,000
NET CASH USED FROM FINANCING ACTIVITIES	33,000	-	172,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(49,216)	25,789	140,088
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	189,304	162,732	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 140,088	$ 188,521	$ 140,088

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Unaudited June 30, 2007 Financial Statements:

Note 1 - Business Activity and Basis of Presentation

Principle Business Activity

Majestic Oil & Gas, Inc. (Company) is a development stage enterprise and its operations consist of oil and natural gas development and production in the Rocky Mountain region. The financial statements and notes to the financial statements are the representation of the Company's management, who is responsible for their integrity and objectivity. The accounting polices of the Company are in accordance with generally accepted accounting principles and conform to the standards applicable to development stage enterprises.

Basis of Presentation

The accompanying interim financial statements of the Company are unaudited. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the results for the interim period. The results of operations for the six months ended June 30, 2007 are not necessarily indicative of the operating results for the entire year.

We have prepared the financial statements included herein pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. We believe the disclosures made are adequate to make the information not misleading and recommend that these condensed financial statements be read in conjunction with the financial statements and notes included in our Form 10-KSB for the year ended December 31, 2006.

Note 2 - Basis of Accounting

The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and extinguishment of liabilities in the normal course of business. As shown in the accompanying condensed balance sheet the Company has an accumulated deficit of ($337,825) through June 30, 2007. This and other factors may indicate that the Company may be unable to continue in existence. The Company's financial statements do not include any adjustments related to the realization of the carrying value of assets or the amounts and classification of liabilities that might be considered necessary should the Company be unable to continue in existence. The Company's ability to establish itself as a going concern is dependent upon its ability to obtain additional financing in order to fund exploration and development activities of oil and gas interests and, ultimately, to achieve profitable operations. Management believes that it can be successful in obtaining either debt or equity financing that will enable the Company to continue in existence and establish itself as a going concern.

These interim financial statements are prepared using the significant accounting policies disclosed in the Company's December 31, 2006 annual audited financial statements, except that certain significant accounting policies were adopted during the six months ended June 30, 2007:

Adopted prior to the six months ended June 30, 2007 -
Oil and Gas Interests

The Company utilizes the full cost method of accounting for oil and gas activities. Under this method, subject to a limitation based on estimated value, all costs associated with property acquisition, exploration and development, including costs of unsuccessful exploration, are capitalized within a cost center. No gain or loss is recognized upon the sale or abandonment of undeveloped or producing oil and gas interests unless the sale represents a significant portion of oil and gas interests and the gain significantly alters the relationship between capitalized costs and proved oil and gas reserves of the cost center. Depreciation, depletion and amortization of oil and gas interests is computed on the units of production method based on proved reserves, or upon reasonable estimates where proved reserves have not yet been established due to the recent commencement of production. Amortizable costs include estimates of future development costs of proved undeveloped reserves.

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Unaudited June 30, 2007 Financial Statements (continued):

Capitalized costs of oil and gas interests may not exceed an amount equal to the present value, discounted at 10%, of the estimated future net cash flows from proved reserves plus the cost, or estimated fair market value if lower, of unproved interests. Should capitalized costs exceed this ceiling, an impairment is recognized. The present value of estimated future net cash flows is computed by applying year end prices of oil and gas to estimated future production of proved oil and gas reserves as of year end, less estimated future expenditures to be incurred in developing and producing the proved reserves and assuming continuation of existing economic conditions.

Revenue Recognition
The Company recognizes oil and gas revenues from its interests in producing wells as oil and gas is produced and sold from the wells and when ultimate collection is reasonably assured.

Adopted during the six months ended June 30, 2007 - Website Development Costs
The Company has capitalized the costs associated with development of its website, and intends to amortize the cost over a three year period.

Income Taxes

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109.” FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with SFAS No. 109. Tax positions must meet a “more-likely-than-not” recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. Upon the adoption of FIN 48, the Company had no unrecognized tax benefits. During the first six months of 2007, the Company recognized no adjustments for uncertain tax benefits.

Deferred income tax assets, if any, are adjusted by a valuation allowance, if necessary, to recognize future tax benefits only to the extent, based on available evidence, it is more likely than not such benefits will be realized. The Company would recognize interest and penalties, if any, related to uncertain tax positions in general and administrative expenses. No interest and penalties related to uncertain tax positions were accrued at June 30, 2007. The Company expects no material changes to unrecognized tax positions within the next twelve months.

Note 3 - Organization and Development of the Company

The Company was formed on April 16, 2002 as a corporation. The Company is considered a development stage enterprise as defined by Statement of Financial Accounting Standards No. 7 ("SFAS 7"). The accompanying interim financial statements reflect limited oil and gas development and production activities and they are not necessarily indicative of what the financial statements will reflect once the intended operations of the Company are fully underway.

The Company is currently trading on the Over the Counter Bulletin Board under the symbol MJOG.OB.

Note 4 - Asset Retirement Obligations

The Company follows SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 requires recognition of the present value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. As of June 30, 2007, the estimated future cost to plug and abandon the Company's gas wells was not significant. The estimated liability is based on historical experience in plugging and abandoning wells, estimated cost to plug and abandon wells in the future and federal and state regulatory requirements.

MAJESTIC OIL & GAS, INC. (A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Unaudited June 30, 2007 Financial Statements (continued):

Note 5 - Related Party Transactions

Altamont Oil & Gas, Inc. (Altamont), an entity related through common ownership and management, is the operator of the wells in which the Company owns its working interests. As the operator of the wells, Altamont is responsible for remitting production taxes to the taxing authorities and royalty payments to the royalty interest owners. As of June 30, 2007, the Company had an outstanding receivable from Altamont of $7,581 for gas sales, and a payable to Altamont of $2,523 for production taxes and royalties. The Company also purchased three oil and gas leases from Altamont during the six months ended June 30, 2007 for a total of $20,480. This was the same amount originally paid by Altamont to acquire the leases.

Note 6 - Farm Out Agreement

The Company entered into a Farm-out Agreement with Altamont and Numbers, Inc to drill a 10-well natural gas development program. This development program will involve the drilling of 5 wells in the Lake Frances Gas Field and 5 wells in the Williams Gas Field, located in Pondera County, Montana. The Lake Frances Field is located south of Valier, Montana just offsetting the Lake Frances reservoir. The Williams Field is located 7 miles east of the town of Valier, Montana. The locations for the development program were determined from information gathered from a geological and engineering study. The surveying of each location and the permitting of each drill site with the Montana Board of Oil & Gas is currently being completed. The Company will receive 100% of the revenues until the drilling and completion costs have been recovered, at which time the Company's interest will revert to 50%.

Note 7 - Stock Option Plan

The Company voided a stock option plan orginally adopted April 17, 2007 and no options were issued. The Company continues to evalute the granting of stock options to its employees and directors, however, no options are currently outstanding.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

The following discussion and analysis is provided to increase the understanding of, and should be read in conjunction with, the Financial Statements of the Company and Notes thereto included elsewhere in this Report. Historical results and percentage relationships among any amounts in these financial statements are not necessarily indicative of trends in operating results for any future period. The statements, which are not historical facts contained in this Report, including this Plan of Operations, and Notes to the Financial Statements, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information, and are subject to various risks and uncertainties. Future events and the Company's actual results may differ materially from the results reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, dependence on existing and future key strategic and strategic end-user customers, limited ability to establish new strategic relationships, ability to sustain and manage growth, variability of operating results, the Company's expansion and development of new service lines, marketing and other business development initiatives, the commencement of new engagements, competition in the industry, general economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the technical skills and experience necessary to meet the service requirements of its clients, the potential liability with respect to actions taken by its existing and past employees, risks associated with international sales, and other risks described herein and in the Company's other SEC filings.

The safe harbors of forward-looking statements provided by Section 21E of the Exchange Act are unavailable to issuers of penny stock. As we issued securities at a price below $5.00 per share, our shares are considered penny stock and such safe harbors set forth under the Reform Act are unavailable to us.

The following discussion of our financial condition and results of operations should be read in conjunction with the Financial Statements and Notes to the Condensed Consolidated Financial Statements appearing elsewhere in this report.

OVERVIEW

Majestic Oil & Gas, Inc is engaged in the exploration, development, acquisition and operation of gas properties. Because gas exploration and development requires significant capital and because our assets and resources are limited, we participate in the gas industry through the purchase of interests in either producing wells or gas exploration and development and production projects.

Majestic Oil & Gas, Inc. is a development stage company, and as such it is difficult for us to forecast our revenues or earnings accurately. We believe that future period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance as we have and will have no backlog of orders. Our operating results in one or more future quarters may fall below investor expectations which, assuming our common stock trades on a recognized market, would almost certainly cause the future trading price of our common stock to decline. You should read the following discussion together with the condensed consolidated financial statements and their accompanying notes, included elsewhere in the report.

Based upon our Management's experience in the industry and on recent events, including increasing global demand for energy and energy disruptions caused by natural disasters, we believe the trend in oil and gas prices will remain relatively stable or decrease slightly, but over the long-term are more likely to increase. We expect to generate positive net income from operations in the future, although our revenue and expenses will increase as we expand our drilling and ownership activities.

Recent Developments

The Company acquired leases covering approximately 2,675 acres of undeveloped land during the Second Quarter of 2007, for the purposes of future oil and gas development. This acreage is located in Pondera County, Montana in the vicinity of the Williams and Lake Frances Gas Fields.

The Company previously entered into a Farm-out Agreement with Altamont Oil & Gas, Inc and Numbers, Inc to drill a 10-well natural gas development program. This development program is still pending and will involve the drilling of 5 wells in the Lake Frances Gas Field and 5 wells in the Williams Gas Field, located in Pondera County, Montana. The Lake Frances Field is located south of Valier, Montana just offsetting the Lake Frances reservoir. The Williams Field is located 7 miles east of the town of Valier, Montana.

Management is confident that, if the results are as anticipated, these leases and development program have the potential to significantly increase the income of the Company and we look forward to the possibility negotiating additional farm-out agreements after this program is completed.

RESULTS OF OPERATIONS

Three months ended June 30, 2007 vs. Three months ended June 30, 2006

Revenues for the Three Month period ended June 30, 2007 were $7,582 compared to $9,686 for the Three Month period ended June 30, 2006. This decrease of $2,104 in the revenues between the two periods is a direct result of the decrease in the price received for our natural gas production along with a decrease in production volumes, as shown in the chart below. (MCF stands for the price per thousand cubic feet of natural gas)

Ludwig State 36-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2007		2006	
April	378.47	3.50	363.00	3.75
May	370.22	3.67	389.81	4.00
June	339.08	3.80	374.55	3.15

Boucher 27-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2007		2006	
April	238.84	3.50	327.53	3.75
May	222.13	3.67	373.73	4.00
June	166.24	3.80	370.63	3.15

Majestic Oil & Gas Operations, Inc's Net Share of the production volumes from the Ludwig State #36-1 and Boucher #27-1 wells for the three-month period ended June 30, 2007 were 1,714.98 MCF compared to 2,199.25 MCF for three-month period ended June 30, 2006.

Our expenses for the Three Months Ended June 30, 2007 were $27,603 compared to $15,409 for the same period in 2006. There was an increase in expenses of $12,194, which was due mainly to an increase in Legal, Accounting and Filing fees for the period in addition to Engineering and Consulting fees. The majority of the legal and accounting fees are a result of fees paid to our corporate auditor for the December 31, 2006 financial statement audit in addition to fees paid for preparation and review of March 31, 2007 financial statements.

The Company showed a Net Loss of $20,021 for the Three Months Ended June 30, 2007. This compares to the Net Loss of $5,723 for the Three Months Ended June 30, 2006. The variance between these periods is directly related to the decrease in revenues and volumes during the period and an increase in expenses, as previously described.

Six months ended June 30, 2007 vs. Six months ended June 30, 2006

Revenues for the Six Month period ended June 30, 2007 were $16,377 compared to $27,532 for the period Six Month period ended June 30, 2006, resulting in a decrease of $11,155. The reason for the major decrease in the revenues between these two periods is a direct result of the decrease in the price received for our natural gas production along with a decrease in production volumes, as shown in the chart below. (MCF stands for the price per thousand cubic feet of natural gas)

Ludwig State 36-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2007		2006	
January	426.94	3.57	446.33	9.00
February	365.06	3.53	380.33	5.80
March	397.24	3.83	434.36	4.60
April	378.47	3.50	363.00	3.75
May	370.22	3.67	389.81	4.00
June	339.08	3.80	374.55	3.15

Boucher 27-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2007		2006	
January	297.83	3.57	590.70	9.00
February	242.14	3.53	408.17	5.80
March	262.14	3.83	422.19	4.60
April	238.84	3.50	327.53	3.75
May	222.13	3.67	373.73	4.00
June	166.24	3.80	370.63	3.15

Majestic Oil & Gas Operations, Inc's Net Share of the production volumes from the Ludwig State #36-1 and Boucher #27-1 wells for the six-month period ended June 30, 2007 were 3,706.33 MCF compared to 4,881.33 MCF for period ended June 30, 2006.

Our expenses for the Six Months Ended June 30, 2007 were $54,093, compared to $37,124 for the same period in 2006. This increase in expenses of $16,959 was due mainly to an increase in Legal, Account and Filing fees for the period in addition to Engineering and Consulting fees. The majority of the legal and accounting fees are a result of fees paid to our corporate auditor for the December 31, 2006 financial statement audit in addition to fees paid for preparation and review of March 31, 2007 financial statements.

The Company showed a Net Loss of $37,716 for the Six Months Ended June 30, 2007 compared to a Net Loss of $9,592 for the same period in 2006. The variance between these periods is directly related to the decrease in revenues and volumes during the period and an increase in expenses, as previously described.

LIQUIDITY AND RESOURCE CAPITAL

We are a development stage company. From our inception to June 30, 2007, we incurred an accumulated deficit of ($337,825). This deficit is primarily the result of $300,000 in expenses associated with stock issuances during fiscal year ended December 31, 2002. In addition, as of June 30, 2007, we had $140,088 of current cash available. Our cash resources of $140,088 are not sufficient to satisfy our cash requirements over the next 12 months.

We need an additional minimum of $1,000,000 to finance our planned expansion in the next 12 months, which funds will be used for drilling of development gas wells in the Lake Frances and Williams Fields. We hope to be able to raise additional funds from an offering of our stock in the future. However, this offering may not occur, or if it occurs, may not raise the required funding. We may also consider securing debt financing. We may not raise other equity or debt financing sufficient to fund this amount. If we don't raise or generate these funds, the implementation of our short-term business plan will be delayed or eliminated.

13

Our ability to continue as a going concern is dependent on our ability to raise funds to implement our planned development; however we may not be able to raise sufficient funds to do so. Our independent auditors have indicated that there is substantial doubt about our ability to continue as a going concern over the next twelve months. Our poor financial condition could inhibit our ability to achieve our business plan.

COMMITMENTS AND CONTINGENCIES

On July 1, 2004, the Company entered into an operating agreement with Altamont Oil & Gas, Inc., a related entity, through which Altamont Oil & Gas, Inc. will operate the wells in which we have acquired a working interest. Our share of monthly operating costs will be deducted from our monthly share of production revenue.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report on Form 10-QSB, our Chief Executive Officer and our Chief Financial Officer performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that as of the end of the period covered by this report on Form 10-QSB, our disclosure controls and procedures were effective in timely recording, processing, summarizing and reporting material information required to be included in our Exchange Act filings.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting for that period.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

During the Three-Month Period Ended June 30, 2007, the Company issued 132,000 shares to 2 shareholders at a price of $0.25 per share, as a result of outstanding warrants being exercised during the period.

We relied upon Section 4(2) of the Securities Act of 1933, as amended for the above issuances. We believed that Section 4(2) was available because:

- None of these issuances involved underwriters, underwriting discounts or commissions;

- We placed restrictive legends on all certificates issued;
- No sales were made by general solicitation or advertising;
- The distributions were made only to investors who were accredited or sophisticated enough to evaluate the risks of the investment, based upon the fact that all investors were known to us and had a prior relationship with us and based upon information provided in subscription agreements.

In connection with the above transactions, although some of the investors were accredited, we provided the following to all investors:

- Access to all our books and records.
- Access to all material contracts and documents relating to our operations.
- The opportunity to obtain any additional information, to the extent we possessed such information, necessary to verify the accuracy of the information to which the investors were given access.

Prospective investors were invited to review at our offices at any reasonable hour, after reasonable advance notice, any materials available to us concerning our business. Prospective Investors were also invited to visit our offices.

The shares underlying the warrants are registered for resale on our registration statement.

Item 3. Defaults upon Senior Securities.

None

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

None

Item 5. Other Information.

None

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

Form 8-K filings

8-K Current report, item 9.01; 2007-05-08

8-K Current report, items 1.01 and 9.01; 2007-04-30

Exhibit Number, Name and/or Identification of Exhibit

1	31	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
	Attached	

2	32	Certification of the Chief Executive Officer and Chief Executive Officer and Chief Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

15

SIGNATURES

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

Majestic Oil & Gas, Inc.

Date: August 18, 2007

/s/ Patrick Montalban

Patrick Montalban
Chief Executive Officer and Chief Financial Officer