

MAJESTIC OIL & GAS  
Form 10-Q/A  
November 16, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q/A

☒ REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2009

☐ REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

File No. 333-127813

Majestic Oil & Gas, Inc.  
(Name of small business issuer in our charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

4600  
(Primary Standard Industrial  
Classification Code Number)

20-1673271  
(I.R.S. Employer  
Identification Number)

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

59427  
(Zip Code)

Registrant's telephone 406-873-5580

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

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>

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

As of November 1, 2009, there were 7,808,000 shares issued and outstanding of the registrant's common stock.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	September 30 2009 UNAUDITED	December 31 2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 51,549	\$ 79,790
Trade receivables	7,046	24,070
<b>Total Current Assets</b>	<b>58,594</b>	<b>103,860</b>
<b>OIL AND GAS PROPERTIES</b>		
Oil and gas properties, using the full cost method of accounting:		
Properties being amortized	455,894	455,894
Properties not subject to amortization	202,531	138,383
Less accumulated depletion, amortization and impairment	(159,900)	(129,400)
<b>Net Oil and Gas Properties</b>	<b>498,525</b>	<b>464,877</b>
<b>OTHER ASSETS</b>		
Website development costs (less accumulated amortization)	610	1,240
<b>Total Other Assets</b>	<b>610</b>	<b>1,240</b>
<b>Total Assets</b>	<b>\$ 557,729</b>	<b>\$ 569,977</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,708	\$ 5,708
Production taxes and royalties payable	1,589	4,409
Well settlement payable	57,130	-
<b>Total Current Liabilities</b>	<b>64,427</b>	<b>10,117</b>
<b>Asset retirement obligation</b>	<b>8,879</b>	<b>8,879</b>
<b>Total Liabilities</b>	<b>73,306</b>	<b>18,996</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, no par value-		
Authorized Shares - 100,000,000		
Issued & Outstanding: 7,808,000 shares at September 30, 2009;	1,155,500	1,155,500

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7,808,000 at December 31, 2008			
Additional paid in capital	21,295		21,295
Stock subscription receivable	(2,000)		(2,000)
(Deficit) accumulated during the development stage	(690,371)		(623,814)
Total Stockholders' Equity	484,424		550,981
Total Liabilities & Stockholders' Equity	\$ 557,729	\$	569,977

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

	Three Months Ended September 30, 2009 UNAUDITED	Three Months Ended September 30, 2008 UNAUDITED	Nine Months Ended September 30, 2009 UNAUDITED	Nine Months Ended September 30, 2008 UNAUDITED	Inception (April 16, 2002) through September 30, 2009 UNAUDITED
REVENUE	\$ 7,046	\$ 38,103	\$ 25,294	\$ 108,757	\$ 452,513
PRODUCTION (LIFTING) COSTS	3,660	9,117	13,189	25,501	137,295
EXPLORATION EXPENSES	-	-	-	-	3,862
DEPLETION, DEPRECIATION AND AMORTIZATION	8,410	19,810	31,130	45,430	161,790
INCOME FROM OIL & GAS PRODUCING ACTIVITIES	(5,024)	9,176	(19,025)	37,826	149,566
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	9,303	15,175	47,532	79,912	839,937
NET (LOSS)	\$ (14,327)	\$ (5,999)	\$ (66,557)	\$ (42,086)	\$ (690,371)
EARNINGS PER SHARE					
Net Income, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	
Weighted average number of shares outstanding	7,808,000	7,638,769	7,808,000	7,638,769	
Diluted potential shares - stock warrants	-	-	-	-	
Adjusted weighted average shares	7,808,000	7,638,769	7,808,000	7,638,769	

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

	Common Stock Shares	Stock Amount	Additional Paid In Capital	Stock Subscription Receivable	(Deficit) Accumulated During Development 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 for services	330,000	147,000	-	-	-	147,000
Common stock warrants exercised	938,000	234,500	-	(2,000)	-	232,500
Common stock options issued	-	-	21,295	-	-	21,295
Net (loss)	-	-	-	-	(255,025)	(255,025)
BALANCE, DECEMBER 31, 2007	7,508,000	1,005,500	21,295	(2,000)	(555,134)	469,661
Common stock issued	300,000	150,000	-	-	-	150,000
Net (loss)	-	-	-	-	(68,680)	(68,680)
BALANCE, DECEMBER 31, 2008	7,808,000	1,155,500	21,295	(2,000)	(623,814)	550,981
Net (loss) for the nine months ended September 30, 2009 (UNAUDITED)	-	-	-	-	(66,557)	(66,557)

BALANCE, SEPTEMBER 30, 2009	7,808,000	\$	1,155,500	\$	21,295	\$	(2,000)	\$	(690,371)	\$	484,424
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MAJESTIC OIL & GAS, INC. (A Development Stage Company)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2009 UNAUDITED	Nine Months Ended September 30, 2008 UNAUDITED	Inception (April 16, 2002) Through September 30, 2009 UNAUDITED
<b>OPERATING ACTIVITIES</b>			
Net (loss)	\$ (66,557)	\$ (42,086)	\$ (690,371)
Changes and credits to net (loss) not affecting cash			
Depletion and amortization	31,130	45,430	161,790
Organizational expenses paid with stock	-	-	300,000
Legal fees paid with stock	-	-	172,000
Stock compensation expense	-	-	21,295
Changes in assets and liabilities			
Trade receivables	17,024	(20,462)	(7,046)
Deposits	-	(10,000)	-
Production taxes and royalties payable	(2,821)	2,978	1,589
Accounts payable	1	2,385	5,708
<b>NET CASH FROM (USED FOR) OPERATING ACTIVITIES</b>	<b>(21,223)</b>	<b>(21,755)</b>	<b>(35,035)</b>
<b>INVESTING ACTIVITIES</b>			
Website development	-	-	(2,500)
Additions to oil and gas properties	(7,018)	(68,747)	(432,416)
<b>NET CASH (USED FOR) INVESTING ACTIVITIES</b>	<b>(7,018)</b>	<b>(68,747)</b>	<b>(434,916)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from sale of common stock	-	150,000	150,000
Proceeds from exercise of warrants	-	-	371,500
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>150,000</b>	<b>521,500</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(28,241)</b>	<b>59,498</b>	<b>51,549</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>79,790</b>	<b>77,329</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 51,549</b>	<b>\$ 136,827</b>	<b>\$ 51,549</b>



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

Note 1 - Business Activity and Basis of Presentation

Principal 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 policies 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 nine months ended September 30, 2009 are not necessarily indicative of the operating results for the entire year. These interim financial statements contain certain reclassification of prior period amounts to be consistent with the current period presentation with no effect on net income or loss.

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, 2008.

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 (\$690,371) through September 30, 2009. 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, 2008 annual audited financial statements, except that certain significant accounting policies were adopted during the nine months ended September 30, 2009:

Adopted prior to the nine months ended September 30, 2009 -  
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

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.

Website Development Costs

The Company has capitalized the costs associated with development of its website, and is amortizing the cost over a three year period.

Stock Based Compensation

The Company accounts for stock based compensation in accordance with current accounting standards which specify the revised accounting alternative requirements for pre-2006 stock based compensation grants existing at January 1, 2006 and the required accounting for new grants starting January 1, 2006. The Company had no stock based compensation grants made before year 2007.

Accordingly, the provisions pertaining to pre-2006 grants do not apply. The Company values its stock options awarded on or after January 1, 2006 at the fair value at grant date using the Black-Scholes option pricing model. Compensation expense for stock options is recorded over the vesting period on a straight line basis. Compensation paid in vested stock is valued at the fair value at the applicable measurement date and charged to expense at that date.

Income Taxes

Effective January 1, 2007, the Company adopted the provisions current accounting standards related to accounting for uncertainty in income taxes. These standards provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of the standards and in subsequent periods. Upon the adoption of the standards, the Company had no unrecognized tax benefits. During 2008 and during the first nine months of 2009, 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 September 30, 2009. The Company expects no material changes to unrecognized tax positions within the next twelve months.

Earnings per Share of Common Stock

Basic earnings per share is determined in accordance with current accounting standards using net income divided by the weighted average shares outstanding during the period. Diluted earnings per share is computed by dividing net

income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued. The effect of outstanding common stock warrants was anti-dilutive for the nine months ended September 30, 2009 and 2008.

#### Fair Value Measurement

Effective January 1, 2008, the Company adopted accounting standards related to measurement of fair value in its financial statements. These standards provide a framework for measuring fair value under generally accepted accounting principles. These standards would apply to all financial instruments that are being measured and reported on a fair value basis. Currently, the Company has no financial instruments to which this statement would apply.

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

Recent Accounting Pronouncements

In June 2009, accounting standards were issued related to the FASB's codification of accounting standards and the hierarchy of generally accepted accounting principles. The objective of these standards was to become the source of authoritative U.S. generally accepted accounting principles to be applied by nongovernmental entities. The standards became effective for financial statement issued for interim and annual periods ending after September 15, 2009. Management has adopted these standards.

In May 2009, accounting standards were issued related to events occurring subsequent to the balance sheet date, but prior to issuance of the financial statements. The objective of these standards is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Management has adopted these standards.

In December 2008 the SEC unanimously approved amendments to revise its oil and gas reserves estimation and disclosure requirements. The amendments, among other things, allows the use of new technologies to determine proved reserves; permits the optional disclosure of probable and possible reserves; modifies the prices used to estimate reserves for SEC disclosure purposes to a 12-month average instead of a period end price; and requires that if a third party is primarily responsible for preparing or auditing reserve estimates, the Company make disclosures relating to the independence and qualifications of the third party, including filing as an exhibit any report received from the third party. The revised rules are effective January 1, 2010. The new requirements do not have an impact on the Company's 2009 financial statements.

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. 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.

Note 4 - Asset Retirement Obligations

The Company follows current accounting standards in accounting for its asset retirement obligations. These standards address financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. These accounting standards require 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 September 30, 2009, the estimated future cost to plug and abandon the Company's gas wells was estimated to be \$8,879. 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.

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 September 30, 2009, the Company had an outstanding receivable from Altamont of \$7,046 for oil and gas sales, and a payable to Altamont of \$1,589 for production taxes and royalties. The Company also received an Authorization for

Expenditure (AFE) for its share of costs associated with the Jody Fields #4-1 well, which remains under development as of September 30, 2009. The Company paid \$5,547 to Altamont for development costs, and has a payable to Altamont of \$57,130 for its remaining share of the AFE.

Note 6 - Farm Out Agreement

During 2007 the Company entered into a Farm-out Agreement with Altamont and Numbers, Inc., an entity whose owner is a member of the Board of Directors of the Company, 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%.

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

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 oil and natural gas properties. Because oil and natural 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 oil and natural gas exploration, 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.

Majestic Oil & Gas, Inc participated in a drilling program in the Lake Frances Field during the Fourth Quarter 2007. Two successful gas wells were drilled; the B Ag, Inc #25-1 and the Vandebos #19-1. Majestic Oil & Gas, Inc holds a 25% Working Interest in these two wells and the Company has seen an increase in production volumes as a result of these two wells. In addition, Majestic Oil & Gas, Inc participated in the drilling of the Vandebos #19-2 and the Jody Fields #4-1 wells. The Vandebos #19-2 well was subsequently plugged and abandoned, as was the Jody Fields #4-1 well, a wildcat oil well.

During the Third Quarter 2008, Majestic Oil & Gas, Inc participated in the drilling of the Boucher #18-1 and the Stoltz #18-1 wells. The Boucher #18-1 well was completed as a 4th Bow Island Gas well with initial production of 270 MCF per day. The Stoltz #18-1 was also completed as a 4th Bow Island Gas well with initial production of 75 MCF per day. These natural gas wells are located in Section 18-T29N-R5W, Pondera County, Montana and together provide 345 MCF per day of new natural gas production. Majestic Oil & Gas, Inc holds a 25% working interest in these two wells and the Company has seen an increase in production volumes as a result of these two wells.

Based upon our Management's experience in the oil and natural gas 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, and we expect our revenues and expenses to increase as we expand our drilling and ownership activities. However, the current economic crisis could have a negative impact on the Company's revenues due to the recent decrease in oil and natural gas prices. During the course of 2008, Majestic Oil & Gas, Inc saw a significant increase in the price received per MCF (MCF stands for the price per thousand cubic feet of natural gas) at a high of \$7.71 and a dramatic decrease to a low of \$3.36, as detailed under "Results of Operation." In comparison, the high, to-date, in 2009 was \$3.09 and a low of \$1.19. The current trend shows a continued decline in pricing. The price we received for our production directly affects the amount of revenues we generate, which in turn affects the Company's liquidity and overall financial position.

## RESULTS OF OPERATIONS

Three Months Ended September 30, 2009 vs. Three Months Ended September 30, 2008:

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008
Revenue	\$ 7,046	\$ 38,103
Expenses	\$ 21,373	\$ 44,102
Net Income (Loss)	\$ (14,327)	\$ (5,999)

Revenues for the period ended September 30, 2009 were \$7,046 compared to \$38,103 for the period ended September 30, 2008. There was a significant decrease in the revenues between these two periods as a result of the decrease in natural gas production and the price received per MCF.

	Share of Production Volumes 2009	Price Per MCF	Share of Production Volumes 2008	Price Per MCF
Ludwig State 36-1				
July	211.41	1.39	243.17	7.71
August	201.92	1.40	240.69	5.90
September	190.58	1.19	225.84	4.52





Boucher 27-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
July	49.50	1.39	64.76	7.71
August	47.85	1.40	70.33	5.90
September	44.76	1.19	81.26	4.52

B. Ag #25-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
July	38.80	1.39	41.00	7.71
August	35.20	1.40	39.40	5.90
September	33.60	1.19	37.80	4.52

Vandenbos #19-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
July	449.21	1.39	1,144.48	7.71
August	434.36	1.40	1,047.34	5.90
September	388.58	1.19	958.44	4.52

Boucher #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
July	187.69	1.39	0	7.71
August	194.49	1.40	471.49	5.90
September	189.75	1.19	546.77	4.52

Stoltz #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
July	12.80	1.39	0	7.71
August	5.28	1.40	43.27	5.90
September	0.41	1.19	54.03	4.52

Majestic Oil & Gas Operations, Inc.'s Net Share of the production volumes from the Ludwig State #36-1, Boucher #27-1, B. Ag #25-1, Vandenbos #19-1, Boucher #18-1 and Stoltz #18-1 wells for three month period ended September 30, 2009 were 2,716.17 MCF compared to 5,310.08 MCF for three month period ended September 30, 2008. The production decrease is a result of natural decline in production over time. The Company expects to see an increase in production volumes due to new wells planned in its development of oil and natural gas prospects in the Lake Frances area. The Company re-entered the Jody Field #14-34 oil well during the 3rd Quarter 2009 and it produced for a less than a month and was then shut-in. The Company has a 25% working interest and a 20% net royalty interest in this well as the result of a farmout arrangement. Future oil prices will dictate at what point this well is brought back into

production.

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Our total expenses decreased by \$22,279 from the \$44,102 reported for the three months ended September 30, 2008 to the \$21,373 in total expenses reported for the three months ended September 30, 2009. Of those expenses, Production (Lifting) Costs decreased by \$5,457 from \$9,117 for the three months ended September 30, 2008 to \$3,660 for the three months ended September 30, 2009. This decrease is directly attributable to the decrease in production volumes between the two periods. There was a decrease in the Selling, General & Administrative Expenses of \$5,872 from the \$9,303 reported for the three month period ended September 30, 2009 compared to the \$15,175 reported for the same three month period in 2008. The primary reason for the decrease was a decrease of approximately \$20,000 in engineering and professional fees incurred. As mentioned above, revenues for the three month period decreased significantly as a result of the combination of lower production volumes and the price per MCF.

The Company showed a Net Loss of (\$14,327) for the three months ended September 30, 2009. This compares to the Net Loss of (\$5,999) for the three months ended September 30, 2008. The variance between these three month periods is directly related to the decrease in revenues and volumes during the third Quarter 2009. While it is the Company's hope that production volumes increase as a result of its planned development and drilling program, the Company's revenues are subject to the volatility of natural gas prices, which continue to fluctuate dramatically.

The Company also plans to continue its pursuit of oil prospects in the Lake Frances Area, which if successful, could contribute to an increase in future revenues. The price of natural gas has significantly decreased from the prior year, while the price oil has remained steady. In spite of the drop in the price of natural gas, Management is still confident that we will build the Company through continued drilling of oil and natural gas prospects.

#### Drilling Activity

The following table sets forth the results of our drilling activities during the three months ended September 30, 2009 and 2008:

Three Months ended September 30,	Drilling Activity					
	Gross Wells			Net Wells		
	Total	Producing	Dry	Total	Producing	Dry
2009	0	0	0	0	0	0
2008	2	2	2	0.5	0.5	0

#### Net Production, Average Sales Price and Average Production Costs (Lifting)

The table below sets forth the net quantities of oil and gas production (net of all royalties, overriding royalties and production due to others) attributable to the Company for the three month periods ended September 30, 2009 and 2008, and the average sales price, and average production costs (including depreciation, depletion and amortization, lease operating costs and all associated taxes) on a per unit of production basis:

Three Months ended September 30,	2009	2008
<b>Net Production</b>		
Oil (Bbls)	40.06	0.00
Gas (Mcf)	2,716.17	5,310.08
<b>Average Sales Prices</b>		
Oil (per Bbl)	\$ 53.08	\$ 0.00
Gas (per Mcf)	\$ 1.33	\$ 6.04

Average Production Cost Per MCF	\$1.34	\$1.71
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Nine months Ended September 30, 2009 vs. Nine months Ended September 30, 2008:

	Nine months Ended September 30, 2009	Nine months Ended September 30, 2008
Revenue	\$ 25,294	\$ 108,757
Expenses	\$ 91,851	\$ 150,843
Net Income (Loss)	\$ (66,557)	\$ (42,086)

Revenues for the nine month period ended September 30, 2009 were \$25,294 compared to \$108,757 for the nine month period ended September 30, 2008. There was a significant decrease in the revenues between these two nine month periods as a result of the decrease in natural gas production and the price received per MCF.

Ludwig State 36-1	Share of Production Volumes 2009	Price Per MCF	Share of Production Volumes 2008	Price Per MCF
January	231.21	3.09	284.63	3.91
February	211.20	2.34	265.65	4.45
March	218.83	1.80	261.73	4.98
April	194.49	1.56	255.96	5.36
May	207.28	1.41	255.54	6.33
June	198.83	1.59	246.09	6.75
July	211.41	1.39	243.17	7.71
August	201.92	1.40	240.69	5.90
September	190.58	1.19	225.84	4.52

Boucher 27-1	Share of Production Volumes 2009	Price Per MCF	Share of Production Volumes 2008	Price Per MCF
January	110.14	3.09	89.10	3.91
February	71.16	2.34	85.39	4.45
March	56.72	1.80	73.22	4.98
April	44.76	1.56	67.44	5.36
May	47.23	1.41	67.03	6.33
June	47.64	1.59	68.06	6.75
July	49.50	1.39	64.76	7.71
August	47.85	1.40	70.33	5.90
September	44.76	1.19	81.26	4.52

B. Ag #25-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
January	38.80	3.09	40.80	3.91
February	33.80	2.34	41.80	4.45
March	36.80	1.80	42.20	4.98
April	35.60	1.56	42.40	5.36
May	37.80	1.41	41.00	6.33
June	38.60	1.59	39.80	6.75
July	38.80	1.39	41.00	7.71
August	35.20	1.40	39.40	5.90
September	33.60	1.19	37.80	4.52

Vandenbos #19-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
January	708.06	3.09	1792.93	3.91
February	632.57	2.34	1658.87	4.45
March	683.72	1.80	1578.84	4.98
April	551.10	1.56	1390.95	5.35
May	494.59	1.41	1328.66	6.33
June	451.69	1.59	1219.14	6.75
July	449.21	1.39	1,144.48	7.71
August	434.36	1.40	1,047.34	5.90
September	388.58	1.19	958.44	4.52

Boucher #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
January	413.33	3.09	0	3.91
February	356.40	2.34	0	4.45
March	365.48	1.80	0	4.98
April	299.89	1.56	0	5.35
May	237.81	1.41	0	6.33
June	196.76	1.59	0	6.75
July	187.69	1.39	0	7.71
August	194.49	1.40	471.49	5.90
September	189.75	1.19	546.77	4.52

Stoltz #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2009		2008	
January	27.83	3.09	0	3.91
February	19.50	2.34	0	4.45
March	13.41	1.80	0	4.98

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April	8.13	1.56	0	5.35
May	10.77	1.41	0	6.33
June	15.03	1.59	0	6.75
July	12.80	1.39	0	7.71
August	5.28	1.40	43.27	5.90
September	0.41	1.19	54.03	4.52



Majestic Oil & Gas Operations, Inc.'s Net Share of the production volumes from the Ludwig State #36-1, Boucher #27-1, B. Ag #25-1, Vandenbos #19-1, Boucher #18-1 and Stoltz #18-1 wells for nine month period ended September 30, 2009 were 10,063.08 MCF compared to 16,547.28 MCF for nine month period ended September 30, 2008. The production decrease is a result of natural decline in production over time. The Company expects to see an increase in production volumes due to new wells planned in its development of oil and natural gas prospects in the Lake Frances area.

Our total expenses decreased by \$58,992 from the \$150,843 reported for the nine months ended September 30, 2008 compared to the \$91,851 reported for the nine months ended September 30, 2009. Of those expenses, Production (Lifting) Costs decreased by \$12,312 from \$25,501 for the nine months ended September 30, 2008 to \$13,189 for the nine months ended September 30, 2009. This decrease is directly attributable to the decrease in production volumes between the two periods. There was a decrease in the Selling, General & Administrative Expenses of \$32,380 from the \$47,532 reported for the nine month period ended September 30, 2009 compared to the \$79,912 reported for the same nine month period in 2008. The primary reason for the decrease was a decrease of approximately \$20,000 in engineering and professional fees incurred. As mentioned above, revenues for the nine month period decreased significantly as a result of the combination of lower production volumes and the price per MCF.

The Company showed a Net Loss of (\$66,557) for the nine months ended September 30, 2009. This compares to the Net Loss of (\$42,086) for the nine months ended September 30, 2008. The variance between these nine month periods is directly related to the decrease in revenues and volumes during the nine month period ended September 30, 2009. While it is the Company's hope that production volumes increase as a result of its planned development and drilling program, the Company's revenues are subject to the volatility of natural gas prices, which continue to fluctuate dramatically.

The Company also plans to continue its pursuit of oil prospects in the Lake Frances Area, which if successful, could contribute to an increase in future revenues. While the price of natural gas has significantly decreased and oil prices have remained steady. In spite of the drop in the price of natural gas, Management is still confident that we will build the Company through continued drilling of oil and natural gas prospects.

#### Drilling Activity

The following table sets forth the results of our drilling activities during the nine months ended September 30, 2009 and 2008:

Nine months ended September 30,	Drilling Activity					
	Gross Wells			Net Wells		
	Total	Producing	Dry	Total	Producing	Dry
2009	0	0	0	0	0	0
2008	2	2	2	0.5	0.5	0

## Net Production, Average Sales Price and Average Production Costs (Lifting)

The table below sets forth the net quantities of oil and gas production (net of all royalties, overriding royalties and production due to others) attributable to the Company for the nine month periods ended September 30, 2009 and 2008, and the average sales price, and average production costs (including depreciation, depletion and amortization, lease operating costs and all associated taxes) on a per unit of production basis:

Nine months ended September 30,	2009	2008
<b>Net Production</b>		
Oil (Bbls)	40.06	
Gas (Mcf)	10,063.08	16,547.28
<b>Average Sales Prices</b>		
Oil (per Bbl)	\$ 53.08	\$
Gas (per Mcf)	\$ 1.75	\$ 5.55
<b>Average Production Cost Per MCF</b>	\$1.31	\$1.54

## LIQUIDITY AND RESOURCE CAPITAL

We are still a development stage company. From our inception to September 30, 2009, we incurred an accumulated deficit of (\$690,371). This deficit is primarily the result of approximately \$300,000 in expenses associated with stock issuances during fiscal Year Ended December 31, 2002, and \$282,000 in legal, accounting and filing fees incurred since inception associated with being a publicly traded company. As of September 30, 2009, we had \$51,549 of current cash available. Our cash resources of \$51,549 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 oil and natural 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 does occur, may not result in the amount necessary. We may also consider securing debt financing. We may not raise other equity or debt financing sufficient to fund the amount necessary to proceed. If we do not raise or generate these funds, the implementation of our short-term business plan will be delayed or eliminated.

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., 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.

Beginning in 2007, the Company acquired leases covering approximately 3,963 net acres of undeveloped land for the purpose 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. These leases remain in good standing with the term of the leases being for periods of 3 or 5 years. Management considers the value of the properties to be as much or more than for what they

were acquired.

During the Second Quarter 2007, the Company entered into a Farm-out Agreement with Altamont Oil & Gas, Inc and Numbers, Inc to conduct 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.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Not applicable

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer/Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act (defined below)). Based upon that evaluation, our principal executive officer/principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Principal Executive Officer/Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Principal Executive Officer/Principal Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

In addition, our management with the participation of our Principal Executive Officer/Principal Financial Officer have determined that no change in our internal control over financial reporting occurred during or subsequent to the quarter ended September 30, 2009 that has materially affected, or is (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Securities Exchange Act of 1934) reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

None.



Item 1A. Risk Factors

Not applicable.

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

(a) Unregistered Sales of Equity Securities.

None

Item 3. Defaults Upon Senior Securities.

None.

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

The Registrant did not submit any matters to a vote of its security holders during the three months ended September 30, 2009.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

(a) Exhibits.

Exhibit	Item
31.1	Certification of Principal Executive and Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive and Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002

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\* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

SIGNATURES

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

MAJESTIC OIL & GAS, INC.

Date: November 16, 2009

By:

/s/ Patrick Montalban  
(Authorized Officer/principal Executive  
Officer, Principal Financial Officer/principal



EXHIBIT INDEX

Exhibit	Item
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32.1*	Certification of Principal Executive and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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