MAJESTIC OIL & GAS
Form 10-Q
May 18, 2011

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

FORM 10-Q

xREPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2011

oREPORT 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	4600	20-1673271
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

P.O Box 488 Cut Bank, Montana	59427
(Address of principal executive offices)	(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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	o	Smaller Reporting Company	x

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

As of May 1, 2011, there were 9,118,000 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

	March 31, 2011 UNAUDITED	December 31 2010
ASSETS		
Cash and cash equivalents	$ 21,100	$ 23,200
Trade receivables	8,213	19,780
Total Current Assets	29,313	42,980
OIL AND GAS PROPERTIES		
Oil and gas properties, using the full cost method of accounting:		
Properties being amortized	455,894	455,894
Properties not subject to amortization	214,307	213,852
Less accumulated depletion, amortization and impairment	(194,100)	(189,200)
Net Oil and Gas Properties	476,101	480,546
Total Assets	$ 505,414	$ 523,526
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	$ 8,367	$ 475
Production taxes and royalties payable	1,816	5,818
Well settlement payable	23,177	22,919
Total Current Liabilities	33,361	29,212
Asset retirement obligation	8,879	8,879
Total Liabilities	42,240	38,091
STOCKHOLDERS' EQUITY		
Common stock, no par value-		
Authorized Shares - 100,000,000		
Issued & Outstanding: 9,118,000 shares at March 31, 2011;	1,314,500	1,314,500
9,118,000 at December 31, 2010		
Additional paid in capital	19,295	19,295
(Deficit) accumulated during the development stage	(870,621)	(848,360)
Total Stockholders' Equity	463,174	485,435

Total Liabilities & Stockholders' Equity	$	505,414	$	523,526

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

	Three Months Ended March 31, 2011 UNAUDITED	Three Months Ended March 31, 2010 UNAUDITED	Inception (April 16, 2002) March 31, 2011 UNAUDITED
REVENUE	$ 8,213	$ 6,821	$ 510,486
PRODUCTION (LIFTING) COSTS	5,339	5,334	176,287
EXPLORATION EXPENSES	-	-	3,862
DEPLETION, DEPRECIATION AND AMORTIZATION	4,900	6,710	196,600
INCOME FROM OIL & GAS PRODUCING ACTIVITIES	(2,026)	(5,223)	133,737
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	20,235	14,283	1,004,359
NET (LOSS)	$ (22,261)	$ (19,506)	$ (870,621)
EARNINGS PER SHARE			
Net Income, basic and diluted	$ (0.00)	$ (0.00)	
Weighted average number of shares outstanding	9,118,000	8,918,000	
Diluted potential shares - stock warrants	-	-	
Adjusted weighted average shares	9,118,000	8,918,000	

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

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	(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	-	-	234,500
Common stock options issued	-	-	19,295	-	19,295
Net (loss)	-	-	-	(255,025)	(255,025)
BALANCE, DECEMBER 31, 2007	7,508,000	1,005,500	19,295	(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	19,295	(623,814)	550,981
Common stock issued for services	100,000	16,000	-	-	16,000
Common stock issued	1,010,000	101,000	-	-	101,000
Net (loss)				(94,877)	(94,877)
BALANCE, DECEMBER 31, 2009	8,918,000	1,272,500	19,295	(718,691)	573,104
Common stock issued for services	200,000	42,000	-	-	42,000
Net (loss)	-	-	-	(129,669)	(129,669)
BALANCE, DECEMBER 31, 2010	9,118,000	1,314,500	19,295	(848,360)	485,435
Net (loss) for the three months	-	-	-	(22,261)	(22,261)
BALANCE, March 31, 2011	9,118,000	$1,314,500	$19,295	$ (870,621)	$463,174

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

	Three Months Ended March 31, 2011 UNAUDITED	Three Months Ended March 31, 2010 UNAUDITED	Inception (April 16, 2002) Through March 31, 2011 UNAUDITED
OPERATING ACTIVITIES			
Net (loss)	$ (22,261)	$ (19,506)	$ (870,621)
Changes and credits to net (loss) not affecting cash		-	
Depletion and amortization	4,900	6,710	196,600
Organizational expenses paid with stock	-	-	300,000
Legal fees paid with stock	-	-	230,000
Stock compensation expense	-	-	21,295
Changes in assets and liabilities			
Trade receivables	11,566	(998)	(8,213)
Accounts payable	8,150	(2,189)	31,545
Production taxes & royalties payable	(4,002)	241	1,816
NET CASH (USED FOR) OPERATING ACTIVITIES	(1,645)	(15,742)	(97,578)
INVESTING ACTIVITIES			
Website development	-	-	(2,500)
Additions to oil and gas properties	(455)	(747)	(501,322)
NET CASH (USED FOR) INVESTING ACTIVITIES	(455)	(747)	(503,822)
FINANCING ACTIVITIES			
Proceeds from sale of common stock	-	-	251,000
Proceeds from exercise of warrants	-	-	371,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-	622,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,100)	(16,489)	21,100
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,200	110,701	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 21,100	$ 94,212	$ 21,100

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 and Principles of Consolidation

The accompanying interim consolidated financial statements include the accounts of Majestic Oil & Gas, Inc. (the Company) and its wholly owned subsidiary, Grizzly Energy, Inc. All material inter-company transactions and balances between the entities have been eliminated.

Basis of Presentation

The accompanying interim consolidated 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 three months ended March 31, 2011 are not necessarily indicative of the operating results for the entire year.

We have prepared the interim consolidated 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-K for the year ended December 31, 2010.

Note 2 - Basis of Accounting

The accompanying interim consolidated 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 ($870,621) through March 31, 2011. 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, 2010 annual audited financial statements.

Oil and Gas Properties

The Company utilizes the full cost method of accounting for oil and gas properties. Accordingly, all costs associated with the acquisition, exploration and development of oil and gas reserves (including costs of abandoned leaseholds, delay lease rentals, dry hole costs, geological and geophysical costs, certain internal costs associated directly with acquisition, drilling and well equipment inventory, exploration and development activities, estimated dismantlement and abandonment costs, site restoration and environmental exit costs, etc.) are capitalized.

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

All capitalized costs of oil and gas properties, net of estimated salvage values, plus the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized.

In addition, the capitalized costs are subject to a "ceiling test" which basically limits such costs to the aggregate of the "estimated present value," discounted at a 10-percent interest rate, of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties.

Gains or losses are not recognized upon the sale or other disposition of oil and gas properties, 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.

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.

Stock Based Compensation

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. The Company did not make any stock option awards prior to January 1, 2006.

During the three month period ending March 31, 2011 and 2010, the Company did not make any stock option awards.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between financial and income tax reporting. The deferred tax assets and liabilities, if any, represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. 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.

Earnings per Share of Common Stock

Basic earnings per share is determined 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. There were no outstanding common stock warrants and options for the three months ended March 31, 2011 and 2010, that would create dilution.

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

Fair Value of Financial Instruments

The Company's financial instruments consist of primarily of trade receivables, accounts payable and accrued production taxes and royalties. The carrying amount of trade receivables, accounts payable and accrued production taxes and royalties approximates its fair value because of the short-term maturity of such instruments.

Note 3 - Organization and Development of the Company

The Company was formed on April 16, 2002 as a corporation. The Company is a development stage enterprise and it is management's intention that operations will ultimately consist of oil and natural gas development and production in the Rocky Mountain region. The accompanying financial statements reflect organizational activities and 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 recognizes the present value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. The liability is capitalized as part of the related asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. The Company's retirement obligations are related to plugging, dismantlement, removal, site reclamation and similar activities of its oil and gas exploration activities. The estimated future cost to plug and abandon the Company's gas wells was estimated to be $8,879 as of March 31, 2011 and December 31, 2010. 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. The Company had an outstanding receivable from Altamont of $8,213 and $19,780 for oil and gas sales, and a payable to Altamont of $1,816 and $5,818 for production taxes and royalties as of March 31, 2011 and December 31, 2010. 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 March 31, 2011. The Company paid $5,547 to Altamont for development costs, and has a payable to Altamont of $23,177 for its remaining share of the AFE.

Note 6 - Farm Out Agreement

During 2007, the Company entered into a Farm-out Agreement with Altamont Oil & Gas, Inc and Numbers, Inc., an entity related through common ownership and management, 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.

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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 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. (Majestic) 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 is a development stage company, and as such it is difficult for us to forecast our revenues or earnings accurately. We believe that 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 consolidated financial statements and their accompanying notes, included elsewhere in the report.

Majestic participated in drilling programs in the Lake Frances Field during 2007 and 2008. Four successful gas wells have been drilled to-date; the B Ag #25-1, Vandenbos #19-1, Boucher #18-1 and Stoltz #18-1. Majestic holds a 25% Working Interest in these four wells and Majestic expects to see an increase in production volumes, as a result of these wells. In addition, Majestic participated in the drilling of the Vandenbos #19-2 and the Jody Fields #4-1. The Vandenbos #19-2 well was subsequently plugged and abandoned, as was the Jody Fields #4-1 well, which was a wildcat oil well.

Majestic entered into a farm-out agreement with Mountain View Energy, Inc. (Mountain View Energy) on September 1, 2009, outlining parameters for Mountain View Energy to drill a test well in the NWSE-Section 33-T27N-R4W, Teton County, Montana at its sole cost, risk and expense. In doing so, Mountain View Energy, would acquire 75% of the Working Interest, while Majestic would retain a 25% Working Interest in any well drilled in the 40-acre tract.

Accordingly, on September 9, 2009, drilling commenced on the Donovan #33-3 well located in the West Pondera Field, SWNWSE – Section 33-T27N-R4W, Teton County, Montana. The well was successfully drilled and completed with an initial production of 15 barrels of oil per day with no water. The producing interval is the Madison/Sun River Dolomite with 20 feet of pay from 2,125’ to 2,145’.

Due to the success of the Donovan #33-3, a second oil well was drilled in the West Pondera Field. The Donovan #33-2 is located in the SENWSE - Section 33-T27N-R4W, Teton County, Montana. This Donovan #33-3 oil well was successfully drilled and completed with initial production of 2 to 4 barrels of oil per day. The two Donovan wells are currently in production status.

Majestic entered into a farm-out agreement with Altamont Oil and Gas, Inc. (Altamont), and subsequently with Hartford Energy, Inc., to conduct the re-entry of the Fields #14-34. As per the farm-out agreement with Hartford Energy, Inc., the Company retained a 25% Working Interest in this well. The Fields #14-34 is located in the Loneman Coulee Field, Pondera County, Montana and was completed as a Madison/Sun River oil well with initial production of 5 barrels of oil per day.

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, although our revenue and expenses will increase as we expand our drilling and ownership activities. To-date in 2011, Majestic received a high of $2.15 per MCF and a low of $1.88 per MCF. The price we receive for our production directly affects the amount of revenues we generate, which in turn affects Majestic’s liquidity and overall financial position.

RESULTS OF OPERATIONS

Three Months ended March 31, 2011 vs. Three Months ended March 31, 2010:

	Thee Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenue	$ 8,213	$ 6,821
Expenses	$ 30,474	$ 26,327
Net Loss	$ (22,261)	$ (19,506)

Revenues for the Three Months ended March 31, 2011 were $8,213 compared to $6,821 for the Three Months ended March 31, 2010. The increase in revenues is a result of oil sales from the Donovan Lease. Oil sales were offset by a decrease in gas production and price per MCF between the two years.

Total expenses increased by $4,147 from $26,327 reported for the Three Months ended March 31, 2010 compared to $30,474 reported for the Three Months ended March 31, 2011. Of those expenses, Production (Lifting) Costs increased by an insignificant amount from $5,334 for the Three Months ended March 31, 2010 to $5,339 for the Three Months ended March 31, 2011. There was an increase in Selling, General & Administrative Expenses of $5,952 from $14,283 reported for the Three Months ended March 31, 2010 compared to $20,235 reported for the Three Months ended March 31, 2011. The increase is primarily attributed to professional fees, which comprised of an increase in accounting and auditing fees. Depletion, Depreciation and Amortization decreased by $1,810 from $6,710 reported for the Three Months ended March 31, 2010 compared to $4,900 reported for the Three Months ended March 31, 2011. This decrease is primarily attributed to the decrease in gas production volumes between the two periods.

Majestic showed a Net Loss of ($22,261) for the Three Months ended March 31, 2011. This compares to the Net Loss of ($19,506) for the Three Months ended March 31, 2010. The variance between the two years is directly related to the decrease in gas production volumes and an increase in selling, general, & administrative expense as discussed above. While it is the Company's hope that production volumes increase as a result of its planned development and drilling program, Majestic's revenues are subject to the volatility of oil and natural gas prices, which continue to fluctuate dramatically.

Majestic 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 crude oil also continues to fluctuate but not to the same extreme as the price of natural gas. In spite of the fluctuations in the price of oil and natural gas, Management is still confident that we will build the Company through continued drilling of oil and natural gas prospects.

Ludwig State 36-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	155.31	2.15	185.83	2.90
February	147.06	2.00	157.37	3.05
March	162.11	1.88	175.93	2.80

Boucher 27-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	32.38	2.15	47.03	2.90
February	32.18	2.00	34.86	3.05
March	33.41	1.88	43.11	2.80

B. Ag #25-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	26.20	2.15	35.00	2.90
February	22.60	2.00	28.40	3.05
March	24.00	1.88	32.80	2.80

Vandenbos #19-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	217.59	2.15	348.15	2.90
February	196.97	2.00	277.20	3.05
March	220.28	1.88	305.66	2.80

Boucher #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	132.00	2.15	199.50	2.90
February	123.75	2.00	148.25	3.05
March	139.25	1.88	168.00	2.80

Stoltz #18-1	Share of Production Volumes	Price Per MCF	Share of Production Volumes	Price Per MCF
	2011		2010	
January	-	-	-	-
February	-	-	-	-
March	-	-	0.61	2.80

Donovan #33-3	Share of Production Volumes	Price Per BBL	Share of Production Volumes	Price Per BBL
	2011		2010	
January	-	-	-	-
February	32.29	76.22	39.38	64.98
March	-	-	-	-

Donovan #33-2	Share of Production Volumes	Price Per BBL	Share of Production Volumes	Price Per BBL
	2011		2010	
January	-	-	-	-
February	13.83	76.22	-	-
March	-	-	-	-

Fields #14-34	Share of Production Volumes	Price Per BBL	Share of Production Volumes	Price Per BBL
	2011		2010	
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-

Majestic'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 the Three Months ended March 31, 2011 were 1,665 MCF compared to 2,188 MCF for the Three Months ended March 31, 2010. The production decrease is a result of natural decline in production over time. The Company's Net Share of production volumes from the Donovan Lease was 46.12 BBL and there were no sales during the period ending March 31, 2011 for the Jody Fields well.

Drilling Activity

The following table sets forth the results of our drilling activities during the Three Months ended March 31, 2011 and 2010:

	Drilling Activity					
		Gross Wells			Net Wells	
Three months ended March 31,	Total	Producing	Dry	Total	Producing	Dry
2011	0	0	0	0	0	0
2010	0	0	0	0	0	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 months ended March 31, 2011 and 2010, 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 March 31,	2011	2010
Net Production:		
Oil (Bbls)	46.12	
Gas (Mcf)	1665.08	2,392.05
Average Sales Prices:		
Oil (per Bbl)	$76.22	$
Gas (per Mcf)	$2.01	$2.47
Average Production Cost Per MCF	$5.27	$5.04

LIQUIDITY AND RESOURCE CAPITAL

We are still a development stage company. From our inception to March 31, 2011, we incurred an accumulated deficit of ($870,621). This deficit is primarily the result of approximately $300,000 in expenses associated with stock issuances during fiscal year ended December 31, 2002, and $421,000 in legal, accounting and filing fees incurred since inception associated with being a publicly traded company. As of March 31, 2011, we had $21,100 of current cash available. Our cash resources of $21,100 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, Williams, Fields, and Donovan prospects. 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.

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, Majestic entered into an operating agreement with Altamont, through which Altamont 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, Majestic has 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.

Majestic entered into a farm-out agreement with Mountain View Energy on September 1, 2009, outlining parameters for Mountain View Energy to drill a test well in the NWSE-Section 33-T27N-R4W, Teton County, Montana at its sole cost, risk and expense. In doing so, Mountain View Energy would acquire 75% of the Working Interest, while Majestic would retain a 25% Working Interest in any well drilled in the 40-acre tract. Further detail with respect to wells currently producing on the Donovan Lease can be found under Results of Operations.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Not applicable

Item 4. Controls and Procedures.

The Company has established disclosure controls and procedures to ensure that information required to be disclosed in this quarterly report on Form 10-Q was properly recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. The Company's controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers to allow timely decisions regarding required disclosure.

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) at March 31, 2011 based on the evaluation of these controls and procedures required by paragraph (b) of Rule 13a-15 or Rule 15d-15 under the Exchange Act. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer/Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer/Chief Financial Officer concluded that, at and as of March 31, 2011, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's 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. (Removed and Reserved).

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

*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 of the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

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SIGNATURES

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

MAJESTIC OIL & GAS, INC.

Date: May 16, 2011	By:	/s/ Patrick Montalban [Authorized Officer/principal Executive Officer, Principal Financial Officer/ principal Financial Officer]

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EXHIBIT INDEX

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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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