# UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

Form 10-Q

(Mark one)

x Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the quarterly period ending March 31, 2007

o Transition Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-29613

#### **TIDELANDS OIL & GAS CORPORATION**

(Exact name of small business issuer as specified in its charter)

Nevada 66-0549380
(State of incorporation) (IRS Employer ID Number)

#### 1862 West Bitters Rd., San Antonio, TX 78248

(Address of principal executive offices)

#### (210) 764-8642

(Issuer's telephone number)

Securities registered under Section 12 (b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock - \$0.001 par value

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Check whether the issuer has (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 the Company 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, or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer o, Accelerated filer o, Non-accelerated filer x

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

#### APPLICABLE ONLY TO CORPORATE ISSUERS

As of May	18, 2007,	there were	102,633,706	shares of	Common	Stock issued	and outstanding.

Transitional Small Business Disclosure Format: Yes o No x

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### TIDELANDS OIL & GAS CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

#### **ASSETS**

		March 31, 2007	]	December 31, 2006		
		(Unaudited)				
Current Assets:						
Cash	\$	302,202	\$	367,437		
Accounts and Other Receivable		284,951		388,754		
Inventory		119,478		84,030		
Prepaid Expenses		95,634		148,551		
Total Current Assets		802,265		988,772		
Property Plant and Equipment, Net		13,147,781		12,364,359		
Other Assets:						
Deposits		56,858		56,708		
Cash Restricted		53,250		52,642		
Deferred Charges		256,392		565,221		
Goodwill		1,158,937		1,158,937		
Total Other Assets		1,525,437		1,833,508		
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Total Assets	\$	15,475,483	\$	15,186,639		
		, ,		, ,		
LIABILITIES A	AND	STOCKHOLDERS'	EOUIT	Y		
Current Liabilities:						
Current Maturities - Note Payable	\$	2,599,291	\$	225,000		
Accounts Payable and Accrued Expenses		1,988,261		1,624,752		
Customer Deposits		8,100		0		
Reserve for Litigation		2,250,000		2,250,000		
Total Current Liabilities		6,845,652		4,099,752		
		- , ,		, ,		
Due to Related Party		100,000		0		
		,		•		
Long-Term Debt		4,586,315		8,934,294		
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Total Liabilities		11,531,967		13,034,046		
		,,		,,		
Stockholders' Equity:						
Common Stock, \$.001 Par Value per Share,						
250,000,000 Shares Authorized, 98,688,909						
and 86,457,922 Shares Issued and Outstanding at						
March 31, 2007 and December 31, 2006						
Respectively		98,690		86,459		
Additional Paid-in Capital		50,823,250		46,703,202		
Additional Late-III Capital		30,023,230		70,703,202		

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Subscriptions Receivable	(110,000)		(220,000)		
Minority Interest		-		-	
Accumulated (Deficit)		(46,868,424)		(44,417,068)	
Total Stockholders' Equity		3,943,516		2,152,593	
Total Liabilities and Stockholders' Equity	\$	15,475,483	\$	15,186,639	

See Accompanying Notes to Consolidated Financial Statements

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#### TIDELANDS OIL & GAS CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

D.	Three En En March		Eı	Months nded 31, 2006
Revenues:				
Gas Sales and Pipeline Fees	\$	1,001,882	\$	672,506
Construction Services		102,089		129,388
Total Revenues		1,103,971		801,894
Expenses:				
Cost of Sales		567,721		376,866
Operating Expenses		83,371		84,531