

Edgar Filing: ENERCORP INC - Form 10QSB

ENERCORP INC  
Form 10QSB  
October 08, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-QSB

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

For the quarter ended December 31, 2001

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 0-9083

Enercorp, Inc.  
Exact name of Registrant as specified in its Charter)

|   |   |
|---|---|
| Colorado  | 84-0768802                              |
| -----   | -----                                   |
| (State or other jurisdiction of<br>incorporation or organization) | (IRS Employer<br>Identification Number) |
| 32751 Middlebelt Road, Suite B<br>Farmington Hills, Michigan      | 48334                                   |
| -----   | -----                                   |
| (Address of principal executive offices)                          | (Zip Code)                              |

(248) 851-5651  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months, and (2) has been subject to such filing  
requirements for the past 90 days. Yes X No

Number of shares of common stock outstanding at September 30, 2002: 695,897

Enercorp, Inc.

Form 10-Q Filing for the Second Quarter Ended December 31, 2001

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Enercorp, Inc.

### PART I. FINANCIAL INFORMATION

Item 1: Financial statements.  
Enercorp, Inc.  
Statements of Assets and Liabilities

|   | December 31,<br>2001 (Unaudited) | June 30,<br>2001 |
|---|----------------------------------|------------------|
|   | -----                            | -----            |
| <b>ASSETS</b>   |                                  |                  |
| Investments, at fair value, cost of \$1,231,636<br>And \$1,231,638 at December 31,<br>2001 and June 30,2001                                       | \$1,033,364                      | \$ 984,214       |
| Cash  | 2,461                            | 342              |
| <br>Furniture and fixtures, net of accumulated<br>depreciation of \$11,969.57 at December<br>31, 2001 and 11,503 at June 30, 2001<br>respectively | <br>467                          | <br>933          |
| Other assets  | 0                                | 0                |
|   | -----                            | -----            |
|   | \$1,036,292                      | \$ 985,489       |
|   | =====                            | =====            |
| <b>LIABILITIES AND NET ASSETS</b>   |                                  |                  |
| <b>Liabilities</b>  |                                  |                  |
| Note payable - Related party  | \$ 27,000                        | \$ 0             |
| Note payable Wen  | 30,000                           | 0                |
| Accounts payable and accrued liabilities  | 19,025                           | 54,634           |
| Deferred tax liability  | 0                                | 0                |
|   | -----                            | -----            |
|   | 76,025                           | 54,634           |
|   | -----                            | -----            |
| <b>Net assets</b>   |                                  |                  |
| Common stock, no par value: 10,000,000<br>shares authorized, 695,897 shares issued  |                                  |                  |

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|  |             |           |
|--|-------------|-----------|
| and outstanding at December 31, 2001 and<br>June 30, 2001 respectively   | 1,888,251   | 1,888,251 |
| Preferred stock, no par value: 1,000,000<br>shares authorized, -0- issued and outstanding                      | 0           | 0         |
| Accumulated deficit  | (729,540)   | (709,802) |
| Unrealized net gain on investments, net of<br>deferred income taxes at December 31,<br>2001, and June 30, 2001 | (198,444)   | (247,594) |
|  | -----       | -----     |
|  | 960,267     | 930,855   |
|  | -----       | -----     |
|  | \$1,036,292 | \$985,489 |
|  | =====       | =====     |

See notes to financial statements

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Enercorp, Inc.  
Schedule of Investments  
December 31, 2001 ( Unaudited)

| Affiliated<br>Fair Mkt<br>Companies<br>Value       | Description<br>of Business<br>Discount | Expir.<br>Net Fair<br>Date<br>Market Value | No. of<br>Shares | Share<br>Price | Cost<br>Equity |
|--|--|--|------------------|----------------|----------------|
| Common Stocks-Public Market Method of Valuation    |  |  |                  |                |                |
| -----  |  |  |                  |                |                |
| CompuSonics Corp                                   | Digital Video<br>Product & Web         |  | 1,751            | 0.035          |                |
| 61   |  | 61   |                  |                |                |
| 350,000  | (100,000)                              | 250,000                                    | 10,000,000       | 0.035          | 106,477        |
| Ajay Sports,                                       | Golf & Casual                          |  | 294,118          | 0.019          | 600,000        |
| 5,588  |  | 5,588                                      |                  |                |                |
|  | Furniture<br>Manufacturer              |  | 16,667           | 0.019          | 37,500         |
| 317  |  | 317  |                  |                |                |
| Preferred Stocks-Public Market Method of Valuation |  |  |                  |                |                |
| -----  |  |  |                  |                |                |
| Ajay Sports,                                       | Golf & Casual                          |  | 2,000            | 0.019          | 20,000         |
| 38   |  | 38   |                  |                |                |
|  | Furniture Manufacturer                 |  |                  |                |                |
| Common Stocks-Board Appraisal Method of Valuation  |  |  |                  |                |                |
| -----  |  |  |                  |                |                |
| Pro Golf   | Franchisor of                          | a & b                                      | 7,450            |                | 195,000        |
| 447,000  | (44,700)                               | 402,300                                    |                  |                |                |
| Intern'l   | Retail Golf Stores                     |  |                  |                |                |
| ProGolf.com,                                       | Web Sales of                           | a & b                                      | 300,000          | 2.5            | 252,000        |
| 750,000  | (375,000)                              | 375,000                                    |                  |                |                |
| Inc.   | Golf Equipment                         |  |                  |                |                |
|  | Subtotal                               |  |                  |                | \$1,210,977    |
| 1,553,004  | (519,700)                              | 1,033,304                                  |                  |                |                |

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Warrants and Stock Options-Board Appraisal Method of Valuation

=====

|                                     |  |          |   |         |
|-------------------------------------|--|----------|---|---------|
| CompuSonics<br>Video<br>Corporation | Digital Video<br>Product               |          |   | 300,000 |
| Williams<br>Controls,<br>Inc.       | Manuf. Of Sensors &<br>Control Systems | 08/04/04 | b | 25,000  |
|                                     |  | 05/03/05 | b | 25,000  |
|                                     |  | 09/13/06 | b | 50,000  |
|                                     |  | 03/12/06 | b | 50,000  |
|                                     |  | 10/02/08 | b | 50,000  |

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Unaffiliated Companies

Common Stocks-Public Market Method of Valuation

-----

|                                       |           |             |     |             |
|---------------------------------------|-----------|-------------|-----|-------------|
| Vitrio Diagnostics                    |           | 300         | .20 | 1,500       |
| 60                                    | 60        |             |     |             |
| Proconnexions, Inc.-Sports Memor'blia | a         | 191,610     |     | 19,161      |
| -                                     |           |             |     |             |
| Total All Companies                   |           |             |     | \$1,231,638 |
| \$1,553,064                           | (519,700) | \$1,033,364 |     |             |

- a No public market for this security
- b Subject to Rule 144

See notes to financial statements

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Enercorp, Inc.  
Schedule of Investments  
June 30, 2001

| Affiliated<br>Companies<br>Discount             | Description<br>Net Fair<br>of Business Restrictions<br>Market Value | No. of<br>Shares | Share<br>Price | Cost<br>Equity | Fair Mkt<br>Value |
|---|---|------------------|----------------|----------------|-------------------|
| Common Stocks-Public Market Method of Valuation |   |                  |                |                |                   |
| -----   |   |                  |                |                |                   |
| CompuSonics<br>Corp                             | Video<br>Digital Video<br>Product & Web<br>28                       | 1,751            |                |                | 28                |
| (100,000)                                       | 200,000   | 10,000,000       | \$0.03         | 106,477        | 300,000           |
| Ajay Sports,                                    | Golf & Casual<br>5,882<br>Furniture<br>Manufacturer<br>333          | 294,118          | \$0.02         | 600,000        | 5,882             |
|   |   | 16,667           | \$0.02         | 37,500         | 333               |

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### Preferred Stocks-Public Market Method of Valuation

|                            |       |        |     |
|----------------------------|-------|--------|-----|
| Ajay Sports, Golf & Casual | 2,000 | 20,000 | 500 |
| 500                        |       |        |     |

### Common Stocks-Board Appraisal Method of Valuation

|                              |         |             |           |
|------------------------------|---------|-------------|-----------|
| Pro Golf Franchisor of a & b | 7,450   | 195,000     | 447,000   |
| (44,700) 402,300             |         |             |           |
| Intern'l Retail Golf Stores  |         |             |           |
| ProGolf.com, Web Sales of b  | 300,000 | 2.5         | 252,000   |
| (375,000) 375,000            |         |             | 750,000   |
| Inc. Golf Equipment          |         |             |           |
| Subtotal                     |         | \$1,210,977 | 1,503,744 |
| (519,700) 984,044            |         |             |           |

### Unaffiliated Companies

#### Common Stocks-Public Market Method of Valuation

|  |     |             |             |
|--|-----|-------------|-------------|
| Vitrio Diagnostics                     | 300 | 1,500       | 170         |
| 170                                    |     |             |             |
| Proconnections, Inc.-Sports Memor'blia |     | 191,610     | 19,161      |
| Total All Companies                    |     | \$1,231,638 | \$1,503,914 |
| \$ (519,700) \$984,214                 |     |             |             |

a No public market for this security

b Subject to Rule 144

See notes to financial statements

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### Enercorp, Inc. Statements of Operations

(Unaudited)

|   | For Three<br>Months ended<br>Dec. 31, |        | For Six<br>Months ended,<br>Dec. 31, |          |
|---|---------------------------------------|--------|--------------------------------------|----------|
|   | 2001                                  | 2000   | 2001                                 | 2000     |
|   | -----                                 | -----  | -----                                | -----    |
| <b>REVENUES</b>                               |                                       |        |                                      |          |
| Interest income from related Entities         | \$ 0                                  | \$ 817 | \$ 0                                 | \$ 1,640 |
| Net realized gain on sale of Investments      | 0                                     | 0      | 0                                    | 8,464    |
| Miscellaneous Income                          | 1,700                                 | 0      | 3,875                                | 0        |
|   | -----                                 | -----  | -----                                | -----    |
|   | 1,700                                 | 817    | 3,875                                | 10,104   |
| <b>EXPENSES</b>                               |                                       |        |                                      |          |
| Salaries - officer                            | 0                                     | 0      | 0                                    | 0        |
| Legal, accounting and other Professional Fees | 7,931                                 | 6,131  | 4,633                                | 7,412    |
| Management fees related-party                 | 7,500                                 |        | 15,000                               |          |
| Interest expense - other                      | 223                                   | 58,742 | 273                                  | 116,251  |
| Bad debt expense                              | 0                                     | 736    | 0                                    | 1,471    |

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|   |           |               |           |               |
|---|-----------|---------------|-----------|---------------|
| Other general and administrative expenses                   | 3,040     | 4,125         | 3,709     | 8,378         |
|   | -----     | -----         | -----     | -----         |
|   | 18,694    | 69,734        | 23,615    | 133,512       |
|   | -----     | -----         | -----     | -----         |
| Net gain (loss) from operations before taxes                | (16,994)  | (68,916)      | ( 19,740) | (123,408)     |
| Income taxes  | 0         | 0             | 0         | 0             |
|   | -----     | -----         | -----     | -----         |
| Net gain (loss) from operations after taxes                 | (16,994)  | (68,916)      | ( 19,740) | (123,408)     |
|   | -----     | -----         | -----     | -----         |
| Net unrealized gain (loss) on investments before Taxes      | 146,841   | (1,365,426)   | 49,150    | 1,807,656     |
| Income taxes  | 0         | 0             | 0         | 0             |
|   | -----     | -----         | -----     | -----         |
| Net unrealized gain (loss) on investment after taxes        | 146,841   | (1,365,426)   | 49,150    | (1,807,656)   |
|   | -----     | -----         | -----     | -----         |
| Increase (decrease) in net assets resulting from operations | \$129,847 | \$(1,434,342) | \$29,410  | \$(1,931,064) |
|   | =====     | =====         | =====     | =====         |
| Increase (decrease) in net assets per share                 | \$ 0.19   | \$ (2.06)     | \$ (0.04) | \$ (2.77)     |
|   | =====     | =====         | =====     | =====         |

See notes to financial statements

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Enercorp, Inc.  
Statements of Cash Flow  
(Unaudited)

|   | For Six months ended December 31,<br>2001 | 2000           |
|---|---|----------------|
|   | -----                                     | -----          |
| Cash flows from operating activities  |   |                |
| Increase (decrease) in net assets   | \$ 29,410                                 | \$ (1,931,064) |
| Adjustments to reconcile net income to net cash provided by operating activities: |   |                |
| Depreciation  | 467                                       | 935            |
| Bad debt provision on notes receivable and interest net of write offs             | 0   | (163)          |
| Gain on sale of investments   | 0   | (8,464)        |
| Unrealized (gain) loss on Investments   | (49,150)                                  | 1,807,656      |
| (Increase) Decrease in other assets   | 0   | 639            |
| (Increase) in accounts receivable - related party                                 |   | 0              |
| (Increase) in interest receivable   |   | 0              |
| (Increase) Decrease in other assets   | 0   | 639            |
| Increase (Decrease) in accounts payable and accrued expenses                      | (35,609)                                  | (10,714)       |
| Increase (Decrease) in deferred taxes   | 0   | 0              |
|   | -----                                     | -----          |
| Total adjustments   | (84,292)                                  | 1,789,889      |
|   | -----                                     | -----          |
| Net cash (used) by operating activities   | (54,882)                                  | (141,175)      |
|   | -----                                     | -----          |
| Cash flows from investing activities:   |   |                |
| Purchase of investments   | 0   | 9,516          |
|   | -----                                     | -----          |

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|   |          |            |
|---|----------|------------|
| Net cash provided (used) by investing<br>Activities | 0        | 9,156      |
|   | -----    | -----      |
| Cash flows from financing activities:               |          |            |
| Proceeds from notes payable                         | 57,000   | 109,500    |
| Net cash provided by investing<br>Activities        | 0        | 0          |
|   | -----    | -----      |
| Net cash provided (used) by investing<br>Activities | 57,000   | 109,500    |
|   | -----    | -----      |
| Increase (Decrease) in cash                         | 2,118    | (22,159)   |
| Cash, beginning of period                           | 342      | 23,844     |
|   | -----    | -----      |
| Cash, end of period                                 | \$ 2,461 | \$ 1,685   |
|   | =====    | =====      |
| Supplemental disclosures of cash flow information:  |          |            |
| Interest paid                                       | \$ 88    | \$ 112,199 |
|   | =====    | =====      |
| Taxes paid  | \$ 0     | \$ 0       |
|   | =====    | =====      |

See notes to financial statements

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Notes to Financial Statements

Notel. Interim Financial Statements

-----

The accompanying interim unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and the disclosures are adequate to make the information presented not misleading. Operating results for the six months ended December 31, 2001 are not necessarily indicative of the results that may be expected for the year ending June 30, 2002. These statements should be read in conjunction with the financial statements and notes thereto included in the Annual 10-K Report (filed with the Securities and Exchange Commission) for the year ended June 30, 2001.

Note 2: Investments

-----

On March 7, 2001, the Registrant sold 1,077,800 shares of the common stock it held in its largest investee, Williams Controls, Inc., and on March 12, 2001 the Registrant sold an additional 574,529 shares of Williams Controls, Inc., for a total of 1,652,329 shares, representing all the shares of Williams Controls, Inc. common stock owned by the Registrant at the time of this filing. These shares were acquired by the Registrant in transactions between April 1991 and August 1998. The shares were sold in open market transactions through an unaffiliated broker. Upon settlement of the trades, the Registrant received total net proceeds of approximately \$2,424,800. These proceeds were used to pay off the Company's demand loan from a bank with a balance of \$2,141,649 plus accrued interest, and make payments of or toward other debt obligations and payables that the Company had outstanding. The Registrant continues to hold its other principal common stock investments in CompuSonics Video Corporation (10,001,751 shares), Ajay Sports, Inc. (310,785 common and 2,000 preferred shares), ProGolf.com (300,000 common shares) and Pro Golf International, Inc. (7,450

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shares), and continues to hold 200,000 warrants in Williams Controls, Inc., which are fully vested at the time of this filing.

### Note 3: Capital Stock Transactions

On September 14, 2001, the Registrant entered into a Subscription Agreement with Jack Wen, authorized agent for an investing group of qualified individuals which included Jack Wen ("Wen Group"). Under this Subscription Agreement, on September 26, 2001 upon the first payment, the Wen Group was to purchase 240,000 shares of common stock of the Registrant, representing approximately 26.4% of the Registrant's common stock issued and outstanding following the transaction. These shares were to be purchased for \$1.25 per share, the book value at that time, with aggregate gross proceeds of \$300,000 paid to the Registrant. Under the Subscription Agreement, the Wen Group was committed to make additional equity investments in the Registrant of \$3,000,000 for the purchase of 2,000,000 shares at \$1.50 per share, with \$1,000,000 being invested on or before November 5, 2001 as the second payment; and, in the third payment, \$2000,000,000 was to be invested at \$1.50 per share on or before February 5, 2002. Prior to this transaction, no single shareholder or shareholder group owned more than 10% of the Registrant's issued and outstanding common stock. However, this transaction was not completed. The deal was rescinded, and the stock was never issued.

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### Note 4: Board of Director Changes Subsequently Rescinded.

Upon the Registrant's receipt of \$300,000 on September 26, 2001, the following changes in the Board of Directors and officers of the Registrant were effected. Under terms of the Subscription Agreement, in addition to Directors Thomas W. Itin and H. Samuel Greenawalt, Jack Wen and George Burmann of the Wen Group were elected to serve as Directors and, additionally, Jack Wen was elected Chairman of the Board, Chief Executive Officer and President and Don Johnson of the Wen Group was elected Treasurer and Chief Financial Officer.

Upon receipt of the first payment of \$300,000 from the Wen Group under the Subscription Agreement, Jack Wen requested that \$240,000 be invested in TIDE, a PRC company headquartered in Shanghai. This investment was completed. However, upon the recession the \$ 240,000 investment was returned to the Wen group, therefore the investment in Tide has not been and is not reflected in financial statements.

### Note 5: Footnote: Note payable related party.

The Registrant has a \$ 27,000 Note Payable to Dearborn Wheel Inc. The interest on the note is 10% per annum. The note is due on March 06, 2002.

### Note 6: Footnote: Note payable.

The Registrant has a \$ 30,000 Note Payable to Yueh Yun Chang with no interest. The principal with no interest is due on Jun 12, 2002.

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

#### Material Changes in Financial Condition:

The Registrant's liquidity is affected primarily by the business success, securities prices and marketability of its investee companies and by the amount and timing of new or incremental investments it makes, as well as the availability of borrowing under the credit line.



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The Registrant received \$300,000 for the sale of 240,000 shares of the Company's common stock, with commitments for future funding in November 2001 of \$1,000,000 and in February of 2002 of \$2,000,000, as a result of the Subscription Agreement with the Wen Group. As a condition of the Subscription Agreement, \$240,000 of the \$300,000 was invested at the request of the Wen Group in a PRC company, TIDE, leaving the Registrant with a total of \$60,000 cash on hand remaining from the Wen Group's initial investment.

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There are no general terms as to how the \$30,000 note will be paid or how the Registrant intends to raise the funds for repayment or how to fund current operations. The Registrant's current plan is to bring in other investors, borrow against collateral or sell a portion of its holdings.

### Material Changes in Results of Operations:

-----  
The Registrant interest expenses were \$ 223 and \$ 58,742 for the quarter ended Dec. 2001 and 2000 respectively. The change is due to the payment of Company's demand loan to a bank, therefore, there was no interest expense paid for the quarter ended Sep. 2001.

The Registrant recorded general and administrative expenses of \$ 2,064 for this quarter ended Dec. 2001 compare to general and administrative expenses of \$ 4,125 the quarter ended Dec. 2000. This change is due to the decrease in company's activity related to such expenses. General and administrative expenses include travel, telephone and other miscellaneous expenses. The Registrant recorded an unrealized Gain on investments of \$146,841 for the second quarter ended Dec 31, 2001 compared to a loss of \$1,365,426 for the second quarter ended Dec 31, 2000. This is mainly due to the changes in investment portfolio and fair market value of the Registrant's investment in the publicly traded companies CompuSonics Video Corporation and Ajay Sports, Inc.

### Part II. OTHER INFORMATION

Item 1. Legal Proceedings  
None

Item 2. Changes in Securities  
None.

Item 3. Defaults Upon Senior Securities  
None

Item 4. Submission of Matters to a Vote of Security Holders  
None

Item 5. Other Information  
-----

In early November of 2001, the Wen Group informed Registrant that the second and third payments under the Subscription Agreement would not be forthcoming and the Registrant accepted that conclusion. On November 26, 2001, a Settlement Agreement was signed by the Registrant, Jack Wen, and the investment group that Jack Wen represented to vacate the Subscription Agreement signed on September 14, 2001. In a Settlement Agreement signed and put into effect by Registrant and the Wen Group, funds paid in by the Wen Group were returned less any expenses incurred by the Registrant and less the \$240,000 investment into the PRC company, TIDE. The common stock that was part of the September 14, 2001 Subscription Agreement was not issued. The September 14, 2001 Subscription Agreement was rescinded. A payment of \$30,000

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less expenses of \$2,174.50 of the Registrant was returned to the Wen Group and a note for the remaining \$30,000 was executed by the Registrant subject to certain conditions.

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In a meeting of the Board of Directors of Registrant, it was resolved that the Subscription Agreement of September 14, 2001 be declared null and void, and that a request be submitted for resignations from the Wen Group officers and directors. Resignations to be requested included Jack Wen as Chairman, Director, President, CEO and COO, Don Johnson as CFO and Treasurer, George Burmann as Director, and Paul Feng as Vice President of Marketing. Further, during this meeting, Thomas W. Itin was elected to fill offices left vacant, with the exception of Vice President of Marketing, due to resignations by members of the Wen Group.

Item 6. Exhibits and Reports on Form 8-K

A) Exhibits

1. Settlement Agreement with Jack Wen and the investment group.
2. Mutual General Release between Registrant and Jack Wen and the investment group.

B) Form 8-K

None

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Enercorp, Inc.

Form 10-QSB

For the Second Quarter Ended December 31, 2001

Signature Page

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Enercorp, Inc.

-----  
(Registrant)

By: /s/ Thomas W. Itin

-----  
Thomas W. Itin  
President

Date: October 8, 2002

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Exhibits: A. 1.

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-----  
November 26, 2001

Messrs. Jack Wen and Don Johnson

Re: Proposed Settlement Agreement - Enercorp, Inc. Interests

Dear Jack and Don:

Enercorp, Inc. ("Enercorp") and Jack Wen, individually and in behalf of, and with authority to represent a group of qualified investors in Enercorp (Jack Wen and said Investors, collectively the "Wen Group"), hereby confirm settlement of all disputes between Enercorp and the Investors upon the terms hereafter described, as agreed to verbally on November 23-24, 2001, by authorized agents of the two groups, specifically Jack Wen and Thomas W. Itin, and this Agreement is entered into in consideration of the mutual promises and covenants contained herein.

Enercorp shall pay to the Investors a total of \$60,000, \$30,000 less out-of-pocket expense in the amount of \$2,174.50, which Enercorp has reimbursed to the Investor and Johnson and Burmann upon acceptance and execution of this Agreement in six months from execution and delivery of this Agreement, a second check in amount of \$30,000, which amount shall be incorporated in an unsecured promissory note delivered coincident with payment of the first \$30,000.

Upon execution of this agreement by Enercorp and the Investors, and payment by Enercorp to the Investors of the initial \$30,000, and forwarding to the Investors of a promissory note payable six months after execution of this Agreement, date of completion of the last of these requirements being the Effective Date of this Agreement Enercorp agrees to and is bound by the following:

- (1) to a rescission of the September 18, 2001 Agreement
- (2) to complete the 10-Q and 8-K filings of Enercorp with the full assistance of Wen and Johnson
- (3) to issue a press release regarding Enercorp, but not referring to reasons for rescission of the September 18, 2001 Agreement (except as required by law).
- (4) to sign a mutual release
- (5) to assign and convey to the Investors all of Enercorp's rights and interests in TIDE

The Investors agree and are bound to the following:

- (a) to waive any claim for past, present and future salaries
- (b) to return all Enercorp records held
- (c) that no shares of Enercorp shall be allocated or issued to the Investors

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- (d) to forward resignations effective immediately, of Jack Wen as Chairman, CEO, COO, President, and Director and any other offices he may have held; of Don Johnson as CFO and any other offices he may have held; Paul Feng as Vice President of Marketing and any other offices he may have held; and of George Burmann as Director and any other offices he may have held.
- (e) to execute a mutual release of all claims
- (f) to terminate any existing lease and not enter into any additional lease in name of Enercorp
- (g) to close any bank accounts in California or elsewhere entered into for Enercorp
- (h) to terminate any lease and telephone account, at no cost to Enercorp

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(i) return the Enercorp offices to Michigan

Third Party Escrow, Enercorp agrees to establish a 3rd party to act as escrow for this transaction, and agrees to sign the mutual release, forward a certified or cashiers check for \$30,000 less expenses of \$2,174.50, and a promissory note for \$30,000 payable in six months. The acting escrow agent for this transaction will be instructed to release the check, the promissory note, and the signed mutual release to Jack Wen. The check and the promissory note should be made out to Yueh Yun Chang.

The escrow agent to handle this transaction will be

Mary M. Maikoetter, Attorney at Law  
609 East Speer Blvd, 3rd Floor  
Denver, Colorado, 80203

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Counterparts - this agreement may be executed in any number of counterparts, each of which shall be termed an original.

Facsimile Execution - The signatures on this Agreement, as well as any other documents under this Agreement, may be delivered by facsimile in lieu of an original signature, and the parties agree to treat the facsimile signatures as original signatures and agree to be bound by this provision.

Governing Law. This Agreement shall be governed and enforced in accordance with laws of Colorado.

The parties have executed this Settlement Agreement on \_\_\_\_\_ day of November.

WITNESSETH:

\_\_\_\_\_ By: /s/ Jack Wen  
-----  
Jack Wen, Individually

----- By: /s/ Jack Wen  
-----  
Jack Wen, Agent for Investor Group

ENERCORP, INC.

----- By: /w/ Thomas W. Itin  
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Exhibit A. 2  
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MUTUAL GENERAL RELEASE  
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This Mutual General Release (the "Release") is made between Jack Wen, together with a group of qualified investors in Enercorp, Inc. represented by Jack Wen, who is fully qualified and duly authorized to represent said investors, the said group, with Jack Wen, being collectively hereunder identified as "the Wen Group," and Enercorp, Inc. and its directors, officers, employees, agents, attorneys, representatives, predecessors, successors, affiliates, parents, subsidiaries, and assigns (collectively herein referred

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to as the "Enercorp"). This Release is executed and delivered by the parties in implementation of the Settlement Agreement of November 26, 2001, between and among the parties.

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1. The Wen Group and Enercorp, in consideration of the Settlement Agreement between and among them dated November 26, 2001, and by reason of the consideration thereunder provided by the respective parties do hereby fully and finally release, remise, acquit each of the other parties, and said parties' heirs, executors, administrators, personal representatives, affiliates, agents, successors and assigns from any and all claims, debts, demands, assessments, actions or causes of action, choses in action, obligations, liabilities and damages of every kind and nature whatsoever in law or in equity, direct or indirect, asserted or unasserted presently known or unknown, arising under the September 18, 2001 Subscription Agreement between the parties. The parties hereby acknowledge that this release is intended as a full, final and complete release, settlement and satisfaction of any and all claims arising from or related to the September 18, 2001 Agreement between the parties.
2. Each party agrees not to denigrate, ridicule or make any derogatory, disparaging or defamatory statement or opinions concerning each of the other parties and said parties' heirs, executors, administrators, personal representatives, affiliates, agents, successors and assigns.
3. This Release and all questions as to its validity, meaning, application, binding effect or enforceability shall be governed by the laws of the State of Colorado without regard to its conflicts of law provisions. The parties acknowledge and agree that this Release shall not be construed more favorably in favor of one party than the other based upon which party drafted the Release, it being acknowledged that all parties contributed substantially to the negotiation of this Release.
4. Each of the parties hereto declares that prior to the execution of this Release he or it apprised himself or itself of sufficient relevant data to intelligently exercise judgment in participating in the drafting or, deciding the contents of, and determining whether to execute this Release. Each party hereto declares that the decision to execute this Release is not predicated on or influenced by any declarations, warranties, or representations of the other party or any predecessors in interest, successors, assigns, officers, directors, attorneys, employees or agents of any of the other party hereto, except as expressly set forth herein. Each party hereto states that the contents of this Release have been explained to him or it by his or its respective counsel and that this Release is entered into freely and voluntarily upon the advice and with the approval of such counsel. It is further understood and agreed that all of the terms of this Release are contractual and not mere recitals, and each of the parties hereto warrants that he or it understands the terms of this Release and that he or it intends to be bound thereby.
5. This Release may be executed in as many counterparts as may be necessary or convenient, and by the different parties hereto on different counterparts, each of which once so executed shall be deemed an original.
6. Each of the undersigned parties understands and agrees that this Release shall not be changed or amended in any respect except by a writing executed by all of the parties hereto or their authorized representatives.

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7. Any determination of invalidity, illegality, or unenforceability of any provision of this Release, determined by a court of competent

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jurisdiction shall not affect validity, legality, or enforceability of any other provision.

8. Any dispute or claim arising under, out of, in connection with or in relation to this Release, whether the remedy requested is in law or in equity, shall be determined by the federal or state courts, in Colorado, which courts the parties hereto agree shall have jurisdiction to decide and enter final judgment, and which court the parties further agree is proper venue to decide and enter final judgment.
9. Each party affirms it has the authority to enter into and execute this Release.

IN WITNESS WHEREOF, the parties hereto have executed this Release the \_\_\_\_ day of \_\_\_\_\_, 2001.

WITNESSETH:

ENERCORP, INC.

/s/ Thomas W. Itin

-----  
Thomas W. Itin  
Its: President

/s/ Jack Wen

-----  
Jack Wen, Individually

/s/ Jack Wen

-----  
Jack Wen as Agent of the Wen Group