

US ENERGY CORP
Form 10-Q
August 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarter ended June 30, 2006 or
- Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 0-6814

U.S. ENERGY CORP.

(Exact Name of Company as Specified in its Charter)

Wyoming

(State or other jurisdiction of
incorporation or organization)

83-0205516

(I.R.S. Employer
Identification No.)

877 North 8th West, Riverton, WY

(Address of principal executive offices)

82501

(Zip Code)

Company's telephone number, including area
code:

(307) 856-9271

Not Applicable

Former name, address and fiscal year, if changed since last
report

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES NO

Indicate by check mark if the registrant is not required to file reports to Section 13 or Section 15(d) of the Act.

YES NO

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 (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding Shares at August 11, 2006
Common stock, \$.01 par value	19,647,540

U.S. ENERGY CORP. and SUBSIDIARIES

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
ITEM 1. Financial Statements.	
Condensed Consolidated Balance Sheets as of June 30, 2006 (unaudited) and December 31, 2005	4-5
Condensed Consolidated Statements of Operations for the Three and six months Ended June 30, 2006 and 2005 (unaudited)	6-7
Condensed Consolidated Statements of Cash Flows for the Three and Six Months Ended June 30, 2006 and 2005 (unaudited)	8-10
Notes to Condensed Consolidated Financial Statements (unaudited)	11-17
ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	18-34
ITEM 3. Quantitative and Qualitative Disclosures about Market Risk	34-36
ITEM 4. Controls and Procedures	37
PART II. OTHER INFORMATION	38
ITEM 1. Legal Proceedings	38-39
ITEM 2. Changes in Securities and Use of Proceeds	40
ITEM 3. Defaults Upon Senior Securities	40
ITEM 4. Submission of Matters to a Vote of Shareholders	40
ITEM 5. Other Information	41
ITEM 6. Exhibits and Reports on Form 8-K	41
Signatures	42
Certifications	See Exhibits

PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements**

U.S. ENERGY CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
ASSETS

	June 30, 2006 (Unaudited)	December 31, 2005
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,508,000	\$ 6,998,700
Marketable securities		
Trading securities	8,066,500	--
Available for Sale	890,800	328,700
Accounts receivable		
Trade, net of allowance of \$0 and \$32,300	73,300	251,400
Affiliates	--	14,100
Prepaid expenses and other current assets	292,100	215,000
Inventories	35,500	32,700
Total current assets	19,866,200	7,840,600
INVESTMENTS:		
Non-affiliated companies	957,700	14,760,800
Marketable securities, held-to-maturity	6,810,200	6,761,200
Other	54,900	54,900
Total investments	7,822,800	21,576,900
PROPERTIES AND EQUIPMENT:		
	13,884,300	13,847,600
Less accumulated depreciation, depletion and amortization	(7,221,600)	(7,481,800)
Net properties and equipment	6,662,700	6,365,800
OTHER ASSETS:		
Note receivable trade	10,900	20,800
Real estate held for resale	1,819,700	1,819,700
Deposits and other	1,135,800	482,900
Total other assets	2,966,400	2,323,400
Total assets	\$ 37,318,100	\$ 38,106,700

The accompanying notes are an integral part of these statements.

U.S. ENERGY CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2006 (Unaudited)	December 31, 2005
CURRENT LIABILITIES:		
Accounts payable	\$ 174,100	\$ 433,000
Accrued compensation expense	283,600	177,100
Asset retirement obligation	233,200	233,200
Current portion of long-term debt	294,200	156,500
Other current liabilities	354,000	232,400
Total current liabilities	1,339,100	1,232,200
LONG-TERM DEBT, net of current portion	1,104,900	880,300
ASSET RETIREMENT OBLIGATIONS, net of current portion	6,138,000	5,669,000
OTHER ACCRUED LIABILITIES	1,359,500	1,400,500
MINORITY INTERESTS	4,959,000	1,767,500
COMMITMENTS AND CONTINGENCIES		
FORFEITABLE COMMON STOCK, \$.01 par value		
442,740 shares issued, forfeitable until earned	2,599,000	2,599,000
PREFERRED STOCK,		
\$.01 par value; 100,000 shares authorized		