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CALCASIEU REAL ESTATE & OIL CO INC
Form 10-K
March 11, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For Fiscal Year Ended December 31, 2002

Commission File Number 0-9669

CALCASIEU REAL ESTATE AND OIL CO., INC.
(Exact Name of registrant as specified in its charter)

Louisiana
(State of other jurisdiction of
incorporation or organization)

72-0144530
(I.R.S. Employer
Identification No.)

One Lakeside Plaza
Lake Charles, Louisiana
(Address of principal executive offices)

70601
(Zip Code)

Registrant's telephone number, including area code: (337) 494-4256

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
None	Not Applicable

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, No Par Value
(Title of Class)

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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

State the aggregate market value of the voting stock held by non-affiliates of the registrant. Trading in the Company's common stock is limited and sporadic and its common stock has no readily established market value.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date. Common Stock, No Par Value, 1,955,044 shares outstanding at February 18, 2003.

As of June 30, 2002 the total market value of all outstanding stock was \$10,009,825.

Documents Incorporated by Reference

Document	Part of Form 10K
----- Definitive Proxy Statement	----- Parts I and III

PART I

Item 1. BUSINESS

Calcasieu Real Estate & Oil Co., Inc., a Louisiana corporation incorporated in 1930 and headquartered in Lake Charles, Louisiana, is a company which manages real estate holdings involved in oil and gas royalty holdings, timber management and agriculture. Originally formed to receive mineral royalties spun off by a bank to its shareholders, the Company has pursued a goal of acquiring land-holdings in Southwest Louisiana.

Operations

The Company's income is derived from the acreage and mineral interests it owns. The largest source of income is from oil and gas production from these properties. The next largest sources are from agriculture and timber grown on the Company's land. The Company is not involved in exploration and production. The Company has small working interests in four wells, which occurred as a back-in under the original mineral leases. The Company does not anticipate taking a working interest in future production.

Industry Segments

In addition to an oil and gas segment, the Company has also created "Agriculture Properties" and "Timber Properties". Included in oil and gas properties revenues are mineral lease payments and payments for seismic work. Note 6 to the Financial Statements on page 25 sets forth information on the business segments.

Employees

The Company currently employs a total of five persons in a part-time capacity. The Company is subject to no union contracts nor does the Company have any hospitalization, pension, profit sharing or deferred compensation plans. Walker Louisiana Properties employs its own staff, none of whom are Company officers or directors.

Customers

The Company had two customers, the sales to which equal or exceed 10% of the Company's total oil and gas revenues, exclusive of revenues paid Walker Louisiana Properties. In 2002, sales to Cox & Perkins accounted for 71.1% of revenues and sales to Riceland Petroleum accounted for 14.3% of oil and gas revenues.

Item 2. PROPERTIES

The Company owns a total of 13,672 net acres in fee in the Parishes of Allen, Beauregard, Calcasieu, Cameron, Jefferson Davis, LaFourche, Sabine, St. Landry and Vermilion in Louisiana. Of this

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total 5,766 acres represents the Company's one-sixth ownership in 34,596 acres which is managed by an entity called Walker Louisiana Properties for the benefit of the six owners. Also managed by Walker Louisiana Properties is an additional 40% interest in 1,577 acres of this same property. The remainder of the Company's acreage is managed by the Company's officers. All amounts on the financial statements included herein reflect the combined totals of the two operations.

The table below shows, for the years ended December 31, 2002, December 31, 2001, and December 31, 2000, net gas produced in thousands of cubic feet (MCF) and net oil (including condensate and natural gas liquids) produced in barrels (Bbl), average sales prices and average production costs, relating to oil and gas attributable to the royalty interests and working interest held by the Company.

	Year Ended 12/31/00	Year Ended 12/31/01
	-----	-----
Net gas produced (MCF)	338,352	130,662
Average gas sales price (Per MCF) (1)	\$3.56	\$5.75
Net Oil Produced (Bbl)	10,258	9,732
Average Oil Sales price (Per Bbl) (1)	\$27.55	\$25.26
Average sales price of oil and gas per MCF equivalent (1) (2)	\$3.72	\$5.68
Average production cost of oil and gas per MCF equivalent (2)		
Royalty Interests	.16	.22
Working Interests	.81	1.58

(1) Before deduction of production and severance taxes.

(2) Oil production is converted to MCF equivalents at the rate of 6 MCF's per barrel, representing the approximate relative energy content of oil and natural gas.

Walker Louisiana Properties

Net income before income taxes from Walker in 2002 was \$394,789 a decrease of 23% from 2001. This was due to a decrease in the Company's share of oil and gas income of \$89,324 and a decrease of \$28,272 in agriculture income. The Company's share of Walker's general and administrative expenses including property taxes was \$83,470.

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Calcasieu Acreage

Net income before income taxes from the Calcasieu acreage in 2002 was \$679,679 a decrease of 11.9% from 2001. Oil and gas income increased \$40,674 in 2002 over 2001, while timber income decreased \$109,930.

Item 3. LEGAL PROCEEDINGS

The Company is a co-defendant in a lawsuit filed by owners of eighty acres, which the defendants owned half the minerals. The landowners are asserting that the mineral interest prescribed. A settlement has been reached whereby the Company will receive all moneys held in escrow for their one-half for past production. Production ceased over one year ago. The Company is forfeiting one-half of its ownership of the minerals on the 80 acres to the plaintiff, and the plaintiffs are ratifying the company's remaining ownership.

The Company has been notified by the National Pollution Funds Center that the Company, as well as the other various owners of the land managed by Walker Louisiana Properties, together with certain past owners, are jointly and severally liable for \$588,843, the cost of an environmental clean-up. The Company is contesting the claim since the damage occurred prior to the Company's ownership and the Company is an innocent landowner. The Company also contends the damage did not come under the National Pollution Funds purview.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to security holders during the fourth quarter.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

As of February 18, 2003, the common stock of Calcasieu Real Estate and Oil Co., Inc. was owned by 685 stockholders. During the three years preceding the date hereof, there has been only limited and sporadic trading in the Company's Common Stock, principally among its shareholders.

In the year ended December 31, 2002, 37,500 shares were traded with a high of 6.50 and a low of 4.80. The last trade during this period was on December 31, 2002, for 4000 shares at a price of 5.20. Below is the trading range.

	Volume	High	Low
	-----	----	----
01/01/02 - 03/31/02	12,000	6.50	6.20
04/01/02 - 06/30/02	4,500	6.25	5.12
07/01/02 - 09/30/02	5,900	6.25	4.60
10/01/02 - 12/31/02	15,100	6.00	4.80

Dividends were paid per share on Common Stock as follows by record date: March 29, 2000, \$.05; June 30, 2000, \$.05; September 27, 2000, \$.05; December 29, 2000, \$.05 regular and \$.05 extra; March 30, 2001, \$.05; June 28, 2001, \$.05; September 24, 2001, \$.05; December 28, 2001, \$.05 regular and \$.05 extra; April 3, 2002, \$.05; June 25, 2002 \$.05; September 26, 2002, \$.05; and December 27, 2002, \$.05 regular and \$.05 extra. There are no restrictions on the paying of

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dividends.

Item 6. SELECTED FINANCIAL DATA

	Ended 12/31/98 -----	Ended 12/31/99 -----	Ended 12/31/00 -----	Ended 12/31/01 -----
Revenues	\$897,027	\$2,646,491	\$2,497,118	\$1,618,587
Income before income taxes	585,182	2,279,814	2,144,821	1,284,106
Earnings per common share (1)	.20	.78	.73	.45
Total assets	\$4,759,327	\$5,212,540	\$6,035,717	\$6,407,663
Cash Dividends declared per common stock	.09	.08	.25	.25

(1) Earnings per common share presented are based on the weighted average outstanding shares of 1,955,044 in 2002, 1,955,044 in 2001, 1,956,000 in 2000, 1,979,000 in 1999 and 1,995,000 in 1998.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Financial Data" and our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions.

Overview

Income from oil and gas properties decreased 6.3% due to a combination of factors. Income from wells on Walker Louisiana Properties decreased due to depletion and lower gas prices. On Calcasieu's acreage the wells at North English Bayou which have produced most of the oil and gas income for the past three years, depleted and were plugged and abandoned. Calcasieu has a 13% royalty interest in a new oil well at North Gordon. This well paid Calcasieu \$400,000 after severance tax in 2002. An injection well has been completed which could extend the life of this well for three to four years.

Lease and seismic income has decreased steadily over the last four years. There are two mineral leases on Walker land which have the potential for being drilled.

Agriculture income decreased 16.7% in 2002 from 2001. The main crop on company land is rice. Prices and government support payments for rice were at their lowest in years in 2002. Under new regulations the Company will no longer be able to qualify for government support payments. As a consequence we are

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being forced to go to cash rentals on all farm properties instead of crop-sharing. We expect agriculture income to decrease another 25% in 2003.

Timber income decreased \$108,894. This was due to a combination of reduced sales, lower prices and increased expenses. The Company has begun a program of reforesting all vacant pasture land and cut-over land.

Comparison of 2002 and 2001

Revenues decreased 9.7% in 2002 from 2001 due to decrease in income in each of the Company's segments. Income from operations decreased 14.8% in 2002 from 2001 as costs and expenses increased in each segment. The biggest increase in expenses was in severance taxes. Net income after income taxes was down \$136,038 in 2002 from 2001 or 15.6%

Liquidity and Capital Resources

The Company has a strong liquid position. The Company maintains a strong liquid position to help maintain the dividend and provide the Company with the resources to be able to purchase real estate that comes on the market at an attractive price.

Management believes that the Company's liquidity and revenues will be sufficient to meet its existing capital needs and the needs of its anticipated future operations.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

All Financial statements required by Regulation S-X are listed in the Table of Contents to Financial Statements and Supplemental Schedules appearing immediately after the signature page of this Form 10K and are included herein by reference. See Item 14.

Item 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 as to directors is included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Securities Exchange Act of 1934 and is included herein by reference.

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Executive officer of Registrant as of February, 2002, are as follows:

Name	Age	Position with Registrant
----	---	-----
Arthur Hollins, III	72	President & Director
William D. Blake	70	Vice President, Treasurer and Director
Charles D. Viccellio	69	Vice President, Secretary and Director

The occupations of such executive officers during the last five years and other principal affiliations are:

Name

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Arthur Hollins, III Director of the Company since 1975; President of the Company since 1979; Chairman of the Board at the First National Bank of Lake Charles from 1968 to 1998; President of Bank One, Southwest Louisiana, from 1998 to April, 1999.

William D. Blake Director of the Company since 1966; Secretary-Treasurer of the Company from 1966-1979; Vice-President and Treasurer of the Company since 1979; President of Lacassane Co., Inc. and Howell Industries, Inc.

Charles D. Viccellio Vice-President and Secretary of the Company since 1997 and Director of the Company since 1996. Partner in the law firm of Stockwell, Sievert, Viccellio, Clements & Shaddock, LLP.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 is included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Securities and Exchange Act of 1934 and is included herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is included in the Registrant's definitive proxy statement to be filed pursuant to Section 14(a) of the Securities Exchange Act of 1934 and is included herein by reference.

PART IV

Item 13. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of the report:

1. All Financial Statements. See Table of Contents to Financial Statements and schedule on page 9.
2. Financial Statement Schedules. See Table of Contents to Financial Statements and Schedules on page 9.
3. List of Exhibits - None

(b) Reports on Form 8-K - None

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SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CALCASIEU REAL ESTATE AND OIL CO., INC.

BY: /s/ Arthur Hollins, III

Arthur Hollins, III, President

Dated March 5, 2003

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Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons in the capacities with regard to Calcasieu Real Estate and Oil Co., Inc. and on the date indicated:

Arthur Hollins, III -----	President (Chief Executive Officer and Director)
William D. Blake -----	Vice President & Treasurer (Principal Financial Officer and Director)
Charles D. Viccellio -----	Vice President & Secretary, (Director)
Henry C. Alexander -----	Director
Troy A. Freund -----	Director
Laura A. Leach -----	Director
Frank O. Pruitt -----	Director
B. James Reaves, III -----	Director
Mary W. Savoy -----	Director

Dated: March 5, 2003

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CALCASIEU REAL ESTATE & OIL CO., INC.

Lake Charles, Louisiana

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SUPPLEMENTARY INFORMATION

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SCHEDULE OMITTED

Schedules, other than those listed above, have been omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or notes thereto.

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REPORT OF MANAGEMENT

CALCASIEU REAL ESTATE & OIL CO., INC.

Management of Calcasieu Real Estate & Oil Co., Inc. is responsible for the preparation, fairness and integrity of the Company's financial statements and other information included in this Form 10-K. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a materially consistent basis. Where necessary, management has made informed judgments and estimates as to the outcome of events and transactions, with due consideration given to materiality.

Management believes that the Company's policies, procedures and internal control systems provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with its authorization.

The Company engages independent public accountants who are responsible for performing an independent audit of the financial statements. Their report, immediately following, states their opinion on the fairness of the Company's financial statements.

The Audit Committee of the Board of Directors meets regularly with the independent accountants, and management to assure that each is meeting its responsibilities.

/s/ Arthur Hollins III

Arthur Hollins III
President

/s/ William D. Blake

William D. Blake
Vice-President & Treasurer

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[LETTERHEAD OF MCELROY, QUIRK & BURCH]

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Calcasieu Real Estate & Oil Co., Inc.
Lake Charles, Louisiana

We have audited the accompanying balance sheets of Calcasieu Real Estate & Oil Co., Inc. as of December 31, 2002 and 2001, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2002, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calcasieu Real Estate & Oil Co., Inc. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years ended December 31, 2002, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 29 and 30 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ McElroy, Quirk & Burch

Lake Charles, Louisiana
March 5, 2003

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CALCASIEU REAL ESTATE & OIL CO., INC.

BALANCE SHEETS December 31, 2002 and 2001

ASSETS	2002	2001
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 583,327	\$1,419,084
Accounts receivable	152,373	93,748
Inventory-harvested crops	10,125	11,042

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Prepaid income taxes	61,113	171,143
Prepaid expense and other	3,680	3,309
	-----	-----
Total current assets	810,618	1,698,326
	-----	-----
SECURITIES AVAILABLE-FOR-SALE	1,361,123	377,732
	-----	-----
PROPERTY AND EQUIPMENT (less accumulated depreciation, depletion and amortization of \$448,521 in 2002 and \$449,534 in 2001)	91,949	94,043
Timber (less accumulated depletion of \$314,659 in 2002 and \$281,343 in 2001)	484,161	498,569
Land	3,904,851	3,738,993
	-----	-----
	4,480,961	4,331,605
	-----	-----
	\$6,652,702	\$6,407,663
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables and accrued expenses	\$ 8,863	\$ 5,968
Dividends payable	195,742	195,737
Income taxes payable:		
Current	-	-
Deferred, net	23,370	26,893
	-----	-----
Total current liabilities	227,975	228,598
	-----	-----
COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)		
STOCKHOLDERS' EQUITY		
Common stock, no par value; 3,000,000 shares authorized; 2,100,000 shares issued	72,256	72,256
Retained earnings	6,642,737	6,387,579
Accumulated other comprehensive income	16,563	26,059
	-----	-----
	6,731,556	6,485,894
	-----	-----
Less cost of treasury stock (2002 144,956 shares and 2001 144,956 shares)	306,829	306,829
	-----	-----
	6,424,727	6,179,065
	-----	-----
	\$6,652,702	\$6,407,663
	=====	=====

See Notes to Financial Statements.

CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF INCOME
Years Ended December 31, 2002, 2001 and 2000

2002 2001 2000

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	-----	-----	-----
Revenues	\$1,454,498	\$1,618,587	\$2,497,118
	-----	-----	-----
Costs and expenses:			
Oil and gas production	102,654	62,636	78,176
Agricultural	10,515	8,176	10,601
Timber	40,741	32,910	61,359
Depreciation, depletion and amortization	38,886	28,566	38,490
	-----	-----	-----
	192,796	132,288	188,626
	-----	-----	-----
Income from operations	1,261,702	1,486,299	2,308,492
	-----	-----	-----
Other income (expense):			
Interest income	23,760	28,243	38,907
Dividends on stock	27,595	27,617	11,402
Realized gain on sale of investments in available-for-sale securities	-	27,654	-
Gain on sale of assets	2,167	4,991	414
General and administrative	(245,786)	(290,698)	(214,394)
	-----	-----	-----
	(192,264)	(202,193)	(163,671)
	-----	-----	-----
Income before income taxes	1,069,438	1,284,106	2,144,821
	-----	-----	-----
Federal and state income taxes:			
Current	330,063	415,864	706,592
Deferred	2,807	(4,364)	2,200
	-----	-----	-----
	332,870	411,500	708,792
	-----	-----	-----
Net income (per common share)- 2002 \$.38; 2001 \$.45; 2000 \$.73	\$ 736,568	\$ 872,606	\$1,436,029
	=====	=====	=====

See Notes to Financial Statements.

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CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2002, 2001 and 2000

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued
	-----	-----	-----	-----
Balance, January 1, 2000	\$ -	\$ 5,059,619	\$ 12,086	\$ 72,25
Comprehensive income:				
Net income	1,436,029	1,436,029	-	
Other comprehensive income:				
Unrealized gains on securities available for sale:				

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Unrealized holding gains occurring during period net of taxes of \$8,240	12,362	-	-	

Other comprehensive income, net of tax	12,362	-	12,362	

Total comprehensive income	\$ 1,448,391	-	-	
	=====			
Purchase of treasury stock		-	-	
Refund of prior year unclaimed dividends and other		1,542	-	
Dividends		(492,548)	-	
		-----	-----	-----
Balance, December 31, 2000		6,004,642	24,448	72,256
Other comprehensive income:				
Unrealized gains on securities available for sale:				
Unrealized holding gains occurring during period net of taxes of \$3,212	5,464	-	-	
Less reclassification adjustments for gains included in net income, net of taxes of \$2,569	(3,853)	-	-	

Other comprehensive income, net of tax	1,611	-	1,611	

Total comprehensive income	\$ 874,217	-	-	
	=====			

(continues)

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CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2002, 2001 and 2000
(Continued)

	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Capital Stock Issued
	-----	-----	-----	-----
Dividends		(489,669)	-	-
		-----	-----	-----
Balance, December 31, 2001		6,387,579	26,059	72,256
Comprehensive income:				
Net income	736,568	736,568	-	-
Other comprehensive income:				
Unrealized gains on securities available for sale:				

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Unrealized holding gains occurring during period net of taxes of \$6,330	(9,496)	-	-	-

Other comprehensive income, net of tax	(9,496)	-	(9,496)	-

Total comprehensive income	\$ 727,072			
	=====			
Dividends		(481,410)	-	-
		-----	-----	-----
Balance, December 31, 2002		\$ 6,642,737	\$ 16,563	\$ 72,256
		=====	=====	=====

See Notes to Financial Statements.

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CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2002, 2001 and 2000

	2002	2001	2000
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 736,568	\$ 872,606	\$ 1,436,029
Noncash (income) expenses included in net income:			
Depreciation, depletion and amortization	38,886	29,566	39,282
Realized (gains) on sale of available-for-sale securities	-	(27,654)	-
Gain on sale of assets	(2,572)	(4,991)	(414)
Loss on asset retirement	375	-	883
Deferred income tax	2,807	(4,365)	2,200
Change in assets and liabilities:			
(Increase) decrease in trade accounts and other receivables	(58,625)	35,471	323,735
(Increase) decrease in inventory	917	(6,616)	5,855
(Increase) decrease in prepaid income taxes	110,030	(96,265)	(74,878)
(Increase) in prepaid expenses	(371)	-	(2,635)
Increase (decrease) in trade payables	2,895	(8,879)	3,938
(Decrease) in other liabilities	-	-	(151,282)
	-----	-----	-----
Net cash provided by operating activities	830,910	788,873	1,582,713
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from rights of way	-	500	500
Proceeds from sale of timber and land	4,655	22,041	54,917
Available-for-sale securities:			
Purchases	(1,692,887)	(590,114)	(961,489)
Sales	700,000	1,300,000	-
Purchase of land, property and equipment	(197,025)	(250,610)	(22,087)

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Net cash provided by (used in) investing activities	(1,185,257)	481,817	(928,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid, net of refunds	(481,410)	(489,669)	(394,440)
Payments to acquire treasury stock	-	-	(93,872)
Net cash (used in) financing activities	(481,410)	(489,669)	(488,312)
Net increase (decrease) in cash and cash equivalents	(835,757)	781,021	166,242
Cash and cash equivalents:			
Beginning	1,419,084	638,063	471,821
Ending	\$ 583,327	\$ 1,419,084	\$ 638,063

(continued on next

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CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2002, 2001 and 2000
(Continued)

	2002	2001	2000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	\$ -	\$ -	\$ -
Income taxes	238,120	522,640	932,752
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Net change in unrealized and realized gains on available-for-sale securities	(9,496)	1,611	12,362

See Notes to Financial Statements.

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CALCASIEU REAL ESTATE & OIL CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

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The Company's business is the ownership and management of land. The primary activities consist of leasing its properties for mineral (oil and gas) and agriculture and raising timber.

Significant accounting policies:

Cash and cash equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Inventory:

Inventory consists of harvested crops valued at estimated selling price at the date of the balance sheet.

Pervasiveness of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Agricultural revenue:

Most agricultural income is derived under U.S. Government subsidy programs. Under these programs, loans are made against crops as harvested. However, delivery of the crops fulfills any further obligation under the loan agreement, and thus revenues are recognized as the harvested crops are delivered. Differences in the price at ultimate sale of the products could result from quantity, grade, and price, and additional revenues are derived at that time.

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NOTES TO FINANCIAL STATEMENTS

Investment securities:

The Company complies with the provisions of Financial Accounting Standards Board Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities. Under the provisions of this statement, management must make a determination at the time of acquisition whether certain investments in debt and equity securities are to be held as investments to maturity, held as available for sale, or held for trading. Management, under a policy adopted by the board of directors of the Company, made a determination that all debt and equity securities owned at that date and subject to the provisions of the statement would be classified as held available-for-sale.

Under the accounting policies provided for investments classified as held available-for-sale, all such debt securities and equity securities that have readily determinable fair value shall be measured at fair value in the balance sheet. Unrealized holding gains and losses for available-for-sale securities shall be excluded from earnings and reported as a net amount

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(net of income taxes) as a separate component of retained earnings until realized. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are included in income. The cost of securities sold is based on the specific identification method. Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared.

Property and equipment:

Property and equipment is stated at cost. Major additions are capitalized; maintenance and repairs are charged to income currently. Depreciation is computed on the straight-line and accelerated methods over the estimated useful lives of the assets.

Successful efforts accounting method:

The Company uses the successful efforts method of accounting for its oil and gas operations. Under the successful efforts method, the costs of acquiring mineral interest, drilling and equipping successful exploratory wells, and all development wells and related facilities are capitalized. All other exploration costs, including geological and geophysical costs, lease rentals and the cost of drilling unsuccessful exploratory wells are charged to expense. Due to the Company's small percentage ownership (in relation to the total) of oil

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NOTES TO FINANCIAL STATEMENTS

and gas properties, reserve information is not available to the Company for mineral interests acquired. Depletion of these interests is computed on the straight-line and accelerated methods over an estimated life of five to seven years. Acquisition costs of proved mineral interests for which reserve information is available are depleted using the unit-of-production method based on production and estimated proved reserves. Related tangible and intangible costs are depreciated and amortized using the unit-of-production method based on production and estimated proved developed reserves.

Earnings per share:

Earnings per share is based on the weighted average number of common shares outstanding during the years.

Income taxes:

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Comprehensive income:

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on

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available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

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NOTES TO FINANCIAL STATEMENTS

Note 2. Securities Available-for-Sale

Debt and equity securities have been classified in the balance sheet according to management's intent in the noncurrent asset sections under the headings securities available-for-sale. The carrying amount of securities and their approximate fair values at December 31, 2002 and 2001 follow:

December 31, 2002	Gross Amortized Cost -----	Gross Unrealized Gains -----	Unrealized Losses -----	Fair Value -----
Available-for-sale securities:				
Equity securities	\$ 155,861	\$ 22,446	\$ 17,778	\$ 160,529
Preferred equity securities	378,186	41,423	21,229	398,380
Corporate bonds (maturing within one year)	100,896	1,661	-	102,557
US government securities (maturing within one year)	699,657	-	-	699,657
	-----	-----	-----	-----
	\$ 1,334,600	\$ 65,530	\$ 39,007	\$ 1,361,123
	=====	=====	=====	=====
December 31, 2001				
Available-for-sale securities:				
Equity securities	\$ 56,123	\$ 7,189	\$ -	\$ 63,312
Preferred equity securities	279,257	35,163	-	314,420
	-----	-----	-----	-----
	\$ 335,380	\$ 42,352	\$ -	\$ 377,732
	=====	=====	=====	=====

Gross realized gains and gross realized losses on sales of available-for-sale securities during 2001 are presented below. There were no gross realized gains and gross realized losses on sales of available-for-sale securities during 2002 and 2000.

2001 ----	Gains -----	Losses -----
Gross realized gains:		
U.S. government and agency securities	\$ 27,654	\$ -
	=====	=====

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NOTES TO FINANCIAL STATEMENTS

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Note 3. Oil and Gas Properties

Results of operations for oil and gas producing activities at December 31, 2002, 2001 and 2000 is as follows:

	2002	2001	2000
	-----	-----	-----
Gross revenues:			
Royalty interests	\$1,096,175	\$1,106,226	\$1,555,838
Working interests	22,573	40,396	63,851
	-----	-----	-----
	1,118,748	1,146,622	1,619,689
Less:			
Production costs	102,654	62,636	78,176
	-----	-----	-----
Results before income tax expenses	1,016,094	1,083,986	1,541,513
Income tax expenses	316,266	347,370	509,419
	-----	-----	-----
Results of operations from producing activities (excluding corporate overhead)	\$ 699,828	\$ 736,616	\$1,032,094
	=====	=====	=====

Costs incurred in oil and gas activities:

There were no major costs incurred in connection with the Company's oil and gas operations (which are conducted entirely within the United States) at December 31, 2002, 2001 and 2000.

Reserve quantities (unaudited):

Reserve information relating to estimated quantities of the Company's interest in proved reserves of natural gas and crude (including condensate and natural gas liquids) is not available. Such reserves are located entirely within the United States. A schedule indicating such reserve quantities is, therefore, not presented.

The wells remain in production at December 31, 2002, including royalty interests and working interests obtained through back-in provisions of royalty agreements. Production from such royalty interests and working interests comprises 100% of the Company's oil and gas revenues in 2002, 2001 and 2000.

NOTES TO FINANCIAL STATEMENTS

Actual production has exceeded original estimates of reserves, and remaining reserves have not been revised. Therefore, the Company is not able to complete the computations of discounted future cash flows and reconciliation thereof.

Note 4. Income Taxes

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The Company files federal income tax returns on a calendar year basis.

The net deferred tax liability in the accompanying balance sheet includes the following components at December 31, 2002 and 2001:

	2002	2001
	-----	-----
Deferred tax assets	\$ 1,181	\$ 341
Deferred tax liabilities	(13,939)	(10,293)
Deferred tax liabilities on unrealized appreciation of securities available for sale	(10,612)	(16,941)
	-----	-----
Net deferred tax liability	\$ (23,370)	\$ (26,893)
	=====	=====

A reconciliation between income taxes, computed by applying statutory tax rates to income before income taxes and income taxes provided at December 31, 2002, 2001 and 2000 is as follows:

	2002	2001	2000
	-----	-----	-----
Tax at statutory rates	\$ 363,609	\$ 436,596	\$ 729,239
Tax effect of the following:			
Statutory depletion	(52,480)	(52,305)	(82,145)
Dividend exclusion	(6,567)	(6,573)	(2,714)
State income tax	26,756	34,465	60,375
Investment tax credit	(1,000)	(167)	-
Other	2,552	(516)	4,037
	-----	-----	-----
	\$ 332,870	\$ 411,500	\$ 708,792
	=====	=====	=====

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NOTES TO FINANCIAL STATEMENTS

Deferred income taxes result from timing differences in the recognition of revenue and expenses for tax and financial statement purposes. The effect of these timing differences at December 31, 2002 and 2001 is as follows:

	2002	2001
	-----	-----
Conversion of investment from tax cash basis to accrual basis for financial reporting	\$ (12,546)	\$ (9,940)
Excess of depreciation and depletion expensed for tax purposes (under) amount expensed for financial statement purposes	(212)	(12)
Unrealized gain on marketable securities	(10,612)	(16,941)
	-----	-----
	\$ (23,370)	\$ (26,893)
	=====	=====

Note 5. Line of Credit

As of December 31, 2002, the Company had available an unsecured line of credit in the amount of \$750,000. The balance on this line of credit was

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\$-0- at December 31, 2002 and 2001.

Note 6. Company Operations

The Company's operations are classified into three principal operating segments which are all located in the United States: oil and gas properties, agricultural properties, and timber properties. The Company's reportable business segments are strategic business units that offer income from different products. They are managed separately due to the unique aspects of each area.

Following is a summary of segmented information for 2002, 2001 and 2000:

	2002	2001	2000
	-----	-----	-----
REVENUES			
Oil and gas properties	\$ 1,118,748	\$ 1,146,622	\$ 1,772,148
Agricultural properties	150,626	176,387	178,897
Timber properties	160,468	249,591	460,963
All other segments	24,656	45,987	85,110
	-----	-----	-----
	\$ 1,454,498	\$ 1,618,587	\$ 2,497,118
	=====	=====	=====

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NOTES TO FINANCIAL STATEMENTS

	2002	2001	2000
	-----	-----	-----
COSTS AND EXPENSES			
Oil and gas properties	\$ 102,654	\$ 62,636	\$ 78,176
Agricultural properties	14,697	13,288	15,126
Timber properties	74,057	54,286	93,962
All other segments	1,388	2,078	1,362
	-----	-----	-----
	\$ 192,796	\$ 132,288	\$ 188,626
	=====	=====	=====
INCOME FROM OPERATIONS			
Oil and gas properties	\$ 1,016,094	\$ 1,083,986	\$ 1,693,972
Agricultural properties	135,929	163,099	163,771
Timber properties	86,411	195,305	367,000
All other segments	23,268	43,909	83,749
	-----	-----	-----
	1,261,702	1,486,299	2,308,492
OTHER INCOME (EXPENSE)	(192,264)	(202,193)	(163,671)
	-----	-----	-----
INCOME BEFORE INCOME TAXES	\$ 1,069,438	\$ 1,284,106	\$ 2,144,821
	=====	=====	=====
IDENTIFIABLE ASSETS			
Oil and gas properties	\$ 667,148	\$ 642,952	\$ 683,952
Agricultural properties	2,635,398	2,525,291	2,522,280
Timber properties	1,174,812	1,210,651	964,852
All other segments	141,963	90,677	90,024
	-----	-----	-----
	4,619,321	4,469,571	4,261,108

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GENERAL AND CORPORATE ASSETS	2,033,381	1,761,672	1,699,731
	-----	-----	-----
TOTAL ASSETS	\$ 6,652,702	\$ 6,231,243	\$ 5,960,839
	=====	=====	=====
CAPITAL EXPENDITURES			
Oil and gas properties	\$ -	\$ -	\$ 633
Agricultural properties	165,859	4,022	10,479
Timber properties	18,908	245,798	19,294
All other segments	6,999	653	5,443
	-----	-----	-----
	\$ 191,766	\$ 250,473	\$ 35,849
	=====	=====	=====

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NOTES TO FINANCIAL STATEMENTS

	2002	2001	2000
	-----	-----	-----
DEPRECIATION, DEPLETION AND AMORTIZATION			
Agricultural properties	\$ 4,182	\$ 5,113	\$ 4,525
Timber properties	33,316	21,375	32,604
All other segments	1,388	3,078	2,153
	-----	-----	-----
	\$38,886	\$29,566	\$39,282
	=====	=====	=====

There are no intersegment sales reported in the accompanying income statements. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes excluding nonrecurring gains and losses on securities held available for sale. Income before income tax represents net sales less operating expenses and other income and expenses of a general corporate nature. Identifiable assets by segment are those assets that are used in the Company's operations within that industry. General corporate assets consist principally of cash and cash items, accounts receivable, and marketable equity and debt securities.

The following summarizes major customer information at December 31, 2002, 2001 and 2000 from oil and gas revenues:

	Sales to Purchaser as a Percentage of Total Revenues		
	-----	-----	-----
Purchaser	2002	2001	2000
	-----	-----	-----
Cox and Perkins	71%	2%	0%
Riceland Petroleum Company	13%	27%	4%
Neumin Production	2%	30%	65%
Woodlawn	6%	15%	6%

Note 7. Related Party Transactions

During 2002, 2001 and 2000, some board members entered into leases with the Company for water fowl hunting. Lease income from these leases amounted to \$1,600 for the year 2002, \$1,200 for the year 2001, and \$3,200 for the year ended December 31, 2000.

NOTES TO FINANCIAL STATEMENTS

In 1990, the Company purchased interests in properties managed by Walker Louisiana Properties (WLP), such properties being subject to a management agreement.

Note 8. Supplementary Income Statement Information

Taxes, other than income taxes, of \$138,451, \$98,116 and \$109,569, were charged to expense during 2002, 2001 and 2000, respectively.

Note 9. Operating Leases

The Company leases agricultural land to a third party. This agreement, with an original expiration date of September 30, 2002, was extended during year 2000 to September 30, 2004. The annual lease rental is \$40,000. The lease requires payment of normal maintenance and insurance. The lease also requires the lessee to construct specific improvements to the property at an expenditure of at least \$60,000 as additional consideration during the original term of the contract. In the event the lessee fails to spend \$60,000 on the above mentioned improvements prior to September 30, 2002, the amounts unspent will be due and payable to the Company on September 30, 2002. As a condition of extending the lease contract for an additional two year period, the lessee is required to spend \$40,000 each year for additional improvements to the properties, in addition to the annual lease payments.

Total future minimum rental income under operating leases as of December 31, 2002 for the next five years is as follows:

Years Ending December 31, -----	
2003	\$ 40,000
2004	40,000
2005	-
2006	-
2007	-

Note 10. Concentration of Credit Risk

The Company maintains its cash balances in one financial institution. The amount on deposit in the financial institution is insured by the Federal Deposit Insurance Corporation up to \$100,000.

NOTES TO FINANCIAL STATEMENTS

Note 11. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it was practical to estimate that value:

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Cash and cash equivalents:

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities available-for-sale:

Debt and equity securities were valued at fair value, which equals quoted market price.

The estimated fair value of the Company's financial instruments at December 31, 2002 and 2001 are as follows. Amounts are presented in thousands.

Financial Assets	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 583	\$ 583	\$ 1,419	\$ 1,419
Securities available for sale	1,361	1,361	378	378
	\$ 1,944	\$ 1,944	\$ 1,797	\$ 1,797

Note 12. Commitments and Contingencies

The Company is a co-defendant in a lawsuit filed by previous owners of property that is now partially owned by the Company. In this suit, the Plaintiffs assert that the sale of a strip of property in 1914 created two servitudes, one of which, the co-defendants claim ownership, expired by liberative prescription in 1940. The Company has indicated that it will defend the suit vigorously, and it is anticipated that a motion for summary judgment in favor of the defendants will be filed in the near future.

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NOTES TO FINANCIAL STATEMENTS

The Company has been notified by the National Pollution Funds Center that the Company, as well as the other various owners of the land managed by Walker Louisiana Properties, together with certain past owners, are jointly and severally liable for \$588,843, the cost of an environmental clean-up. The Company is contesting the claim since the damage occurred prior to the Company's ownership and the Company is an innocent land owner.

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CALCASIEU REAL ESTATE & OIL CO., INC.

PROPERTY, PLANT AND EQUIPMENT Years Ended December 31, 2002, 2001 and 1999

Balance, Beginning	Adjustments and	Balance, End of
-----------------------	--------------------	--------------------

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2002 ----	of Period -----	Additions -----	Retirements -----	Period -----
Oil and gas properties-proved	\$ 456,751	\$ -	\$ -	\$ 456,751
Other property:				
Buildings and equipment	86,825	6,999	10,106	83,718
Timber	779,912	18,908	-	798,820
Land	3,738,992	165,859	-	3,904,851
	\$ 5,062,480	\$ 191,766	\$ 10,106	\$ 5,244,140
	=====	=====	=====	=====
2001 ----				
Oil and gas properties-proved	\$ 456,751	\$ -	\$ -	\$ 456,751
Other property:				
Buildings and equipment	89,776	4,675	7,626	86,825
Timber	673,426	122,206	15,720	779,912
Land	3,615,900	123,592	500	3,738,992
	\$ 4,835,853	\$ 250,473	\$ 23,846	\$ 5,062,480
	=====	=====	=====	=====
2000 ----				
Oil and gas properties-proved	\$ 458,185	\$ -	\$ 1,435	\$ 456,751
Other property:				
Buildings and equipment	90,885	15,922	17,031	89,776
Timber	715,064	19,295	60,933	673,426
Land	3,615,791	632	522	3,615,900
	\$ 4,879,925	\$ 35,849	\$ 79,921	\$ 4,835,853
	=====	=====	=====	=====

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CALCASIEU REAL ESTATE & OIL CO., INC.

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
Years Ended December 31, 2002, 2001 and 2000

2002 ----	Balance, Beginning of Period -----	Additions -----	Adjustments and Retirements -----	Balance, End of Period -----
Oil and gas properties-proved	\$ 379,535	\$ -	\$ -	\$ 379,535
Other property:				
Buildings and equipment	69,999	5,570	6,584	68,985
Timber	281,343	33,316	-	314,659
	\$ 730,877	\$ 38,886	\$ 6,584	\$ 763,179
	=====	=====	=====	=====
2001 ----				
Oil and gas properties-proved	\$ 379,535	\$ -	\$ -	\$ 379,535
Other property:				
Buildings and equipment	69,889	7,191	7,081	69,999
Timber	258,968	22,375	-	281,343

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	\$ 708,392	\$ 29,566	\$ 7,081	\$ 730,877
2000				
Oil and gas properties-proved	\$ 377,039	\$ 2,496	-	\$ 379,535
Other property:				
Buildings and equipment	73,468	4,525	8,104	69,889
Timber	228,876	32,261	2,169	258,968
	\$ 679,383	\$ 39,282	\$ 10,273	\$ 708,392

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CERTIFICATIONS

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Arthur Hollins, III, certify that:

1. I have received this transition report on Form 10-K of Calcasieu Real Estate & Oil Co., Inc.;
2. Based on my knowledge, this transition report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transition report;
3. Based on my knowledge, the financial statements, and other financial information included in this transition report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transition report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transition report is be prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this transition report (the "Evaluation Date"); and
 - c. presented in this transition report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies in the design or operation of internal

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controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this transition report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 5, 2003

/s/ ARTHUR HOLLINS, III

Arthur Hollins, III
President and Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William D. Blake, certify that:

1. I have received this transition report on Form 10-K of Calcasieu Real Estate & Oil Co., Inc.;

2. Based on my knowledge, this transition report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transition report;

3. Based on my knowledge, the financial statements, and other financial information included in this transition report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transition report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transition report is prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this transition report (the "Evaluation Date"); and

c. presented in this transition report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date:

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this transition report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 5, 2003

/S/ WILLIAM D. BLAKE

William D. Blake
Vice President and Treasurer