

TURNER VALLEY OIL & GAS INC  
Form 10QSB/A  
August 15, 2005

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

**FORM 10-QSB/A**  
**Amendment #1**

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

For the First Quarter ended March 31, 2005

Commission File Number: 0-30891

**Turner Valley Oil & Gas, Inc.**  
(Exact name of Registrant as specified in its charter)

Nevada                      91-1980526  
(Jurisdiction of Incorporation)      (I.R.S. Employer Identification No.)

6160 Genoa Bay Road, Duncan B.C. Canada      V9L 5Y5  
(Address of principal executive offices)      (Zip Code)

Registrant's telephone number, including area code: (250) 746-1551

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

48,535,970 shares of common stock were outstanding as of March 31, 2005.

Transitional Small Business Disclosure Format (check one): yes [ ] no [X]

**PART I: FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

The financial statements, for the three months ended March 31, 2005, included herein have been prepared by the us, without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnotes disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information not misleading.

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**Turner Valley Oil & Gas Incorporated**  
Consolidated Balance Sheets

	March 31, 2004 (Unaudited)	December 31, 2004
<b><u>ASSETS</u></b>		
<u>Current Assets</u>		
Cash	\$ 16,128	\$ 22,191
Accounts Receivable (Net of Allowance of \$0)	\$ 6,068	\$ 4,809
<b>Total Current Assets</b>	<b>22,196</b>	<b>27,000</b>
<u>Oil and Gas Properties Using Full Cost Accounting</u>		
Properties not subject to amortization	48,942	48,942
Accumulated Amortization	(13,267)	(10,767)
<b>Net Oil and Gas Properties</b>	<b>35,675</b>	<b>38,175</b>
<u>Other Assets</u>		
Investments	181,585	181,585
<b>Total Other Assets</b>	<b>181,585</b>	<b>181,585</b>
<b>Total Assets</b>	<b>\$ 239,456</b>	<b>\$ 246,760</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 35,937	\$ 19,053
Notes Payable - Related Party	23,659	23,659
<b>Total Current Liabilities</b>	<b>59,596</b>	<b>42,712</b>
<b>Total Liabilities</b>	<b>59,596</b>	<b>42,712</b>
<u>Stockholders' Equity</u>		
Common Stock; Par Value \$.001 Per Share; Authorized 100,000,000 Shares; 48,535,984 and 42,560,984 Shares Issued and Outstanding, respectively	48,536	48,536
Capital in Excess of Par Value	3,559,673	3,559,673
Deficit Accumulated During the Development Stage	(3,377,881)	(3,351,326)
Subscription Receivable	(48,750)	(48,750)
Other Comprehensive Income	(1,718)	(4,085)
<b>Total Stockholders' Equity</b>	<b>179,860</b>	<b>204,048</b>

Total Liabilities and Stockholders' Equity	\$	239,456	\$	246,760
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The accompanying notes are an integral part of these financial statements.

**Turner Valley Oil & Gas Incorporated**  
**Consolidated Statements of Operations**  
(Unaudited)

	For the Three Months Ended		From
	March 31,	March 31,	Inception on
	2005	2004	April 21, 1999
			through
			March 31,
			2005
REVENUE	\$ 1,640	\$ -	\$ 11,061
Total Revenue	\$ 1,640	\$ -	\$ 11,061
<b>EXPENSES</b>			
Cost of Production	2,565	-	11,915
Depletion	2,500	-	13,267
General & Administrative	23,130	209,302	3,334,985
Total Expenses	28,195	209,302	3,360,167
NET OPERATING LOSS	(26,555)	(209,302)	(3,349,106)
<b>OTHER INCOME (EXPENSES)</b>			
Royalty Income	-	212	
Abandonment of Oil & Gas Property	-	-	(25,481)
Interest Expense	-	(374)	(3,294)
Total Other Income (Expenses)	-	(162)	(28,775)
NET LOSS	\$ (26,555)	\$ (209,464)	\$ (3,377,881)
BASIC LOSS PER COMMON SHARE	\$ (0.00)	\$ (0.00)	
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
	48,535,984	43,227,055	
<b>COMPREHENSIVE INCOME</b>			
Net Loss	\$ (26,555)	\$ (209,464)	\$ (3,377,881)
Other Comprehensive Income:			
Foreign Currency Translation	2,367	(546)	(1,718)

Comprehensive Income (Loss)	\$	(24,188)	\$	(210,010)	\$	(3,379,599)
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The accompanying notes are an integral part of these financial statements.

**Turner Valley Oil & Gas Incorporated**  
Consolidated Statements of Cash Flows

	For the three months ended		From
	March 31,	March 31,	Inception on
	2005	2004	April 21, 1999 through 2005
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Net Income (Loss)	\$ (26,555)	\$ (293,785)	\$ (3,377,881)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operations:			
Depletion	2,500		13,267
Loss on Abandonment of Property	-	71,072	
Common Stock Issued for Services Rendered	-	186,500	2,767,860
(Loss) From Sale of Investments	-		25,481
Common Stock Issued for Retirement of Accounts Payable	-	-	326,599
Non-cash effect from foreign currency translation		(761)	(4,085)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Receivable	1,259		(3,550)
Increase (Decrease) in Accounts Payable	16,733	12,955	40,392
Increase (Decrease) in Interest Payable	-	374	19,053
Net Cash Provided(Used) by Operating Activities	(6,063)	(23,645)	(192,864)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Proceeds from Sale of investments			56,706
Expenditures for Oil & Gas Property Development		(8,214)	(312,714)
Net Cash Provided (Used) by Investing Activities	-	(8,214)	(256,008)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Proceeds from Issuance of Common Stock	-	-	465,000
Cash received from Notes Payable-Related Party		25,000	
Net Cash Provided(Used) by Financing Activities	-	25,000	465,000
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(6,063)	(6,859)	16,128
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	22,191	9,394	-

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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	16,128	\$	2,535	\$	16,128
Cash Paid For:						
Interest	\$	-	\$	-	\$	-
Income Taxes	\$	-	\$	-	\$	-
Common Stock Issued for Services Rendered	\$		\$	186,500	\$	2,767,860
Common Stock Issued to Retire Accounts Payable	\$	-	\$	-	\$	326,599

The accompanying notes are an integral part of these financial statements.



**Turner Valley Oil & Gas Incorporated**  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
March 31, 2005

GENERAL

Turner Valley Oil & Gas Incorporated, (the Company) has elected to omit substantially all footnotes to the financial statements for the three months ended March 31, 2005 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their Annual Report Form 10-KSB filed for the fiscal year ended December 31, 2004.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

**Item 2. Discussion and Analysis or Plan of Operation.**

**(A) PLAN OF OPERATION.**

The Company changed its plan of operations to a sole focus on; exploration for, development drilling for, and transmission facilities for the production and sale of oil and gas. To reflect this change, the Company changed its name to Turner Valley Oil & Gas Corporation, and incorporated a wholly owned Canadian subsidiary named T.V Oil & Gas Canada Limited. This Company is a Federal Canadian Registered Company and complies with all applicable laws within Canada.

Our financial statements contain the following additional material notes:

(Note 2-Going Concern) The Company's financial statements have been prepared assuming that the Company will continue as a going concern. The Company is dependent upon raising capital to execute its business plan. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan to raise capital in order to execute their business plan, thus creating necessary operating revenues.

(Note 3-Development Stage Company) The Company is a development stage company as defined in Financial Accounting Standards Board Statement 7. It is concentrating substantially all of its efforts in raising capital and developing its business operations in order to generate operating revenues.

**(B) DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

During the quarter ended March 31, 2005 the Company had royalty revenues of \$1,640, which were received from its working interest in the Strachan property. The Company has not added any further working interests in oil and gas producing properties during the quarter ended March 31, 2005. All the Company's properties are geologically and physically independent of one another. They are all located in the Western Canadian Geologic Basin centred in Alberta, Canada.

**The Strachan Property**

On August 20, 2003, the Company entered into a purchase agreement to acquire 1% interest in a producing gas well, located at 2-2-38-9W5 Red Deer, Alberta, Canada. The gas production rate at the time of the acquisition fluctuated between 1.5 and 2 MMCF/Day (million cubic feet of gas per day). The Company's senior management has set out a rework program for this well. The rework program calls for an acid wash and acid stimulation of the producing formation. The Company has agreed to participate in the program. The program was completed on October 15, 2003 and as of October 20, 2003, the new production rates have stabilized at 2.66 MMCF/Day, representing a 40% increase over initial production rates.

In addition to the preceding acquisition, the Company entered into a purchase agreement to acquire 0.5% interest in 10 Sections (6,400 acres) of drilling rights offsetting Sect. 22-38-9W-5. These offsetting sections have identified seismic anomalies in multiple cretaceous pay zones. The purchase price of the property was \$45,114

During the quarter ended March 31, 2005, the Company received \$1,640 in oil and gas fees from this property.

### **The Karr Property**

On September 29, 2003, the Company entered into a purchase agreement to acquire 10% of a cased gas-well in the northwest of Alberta. The Company will earn 8% before initial payout (BPO) of its investment and 4% after the initial (APO) investment has been paid. The well was drilled in 1999 by Poco Petroleums and ceased after initial testing. Burlington Resources acquired Poco Petroleums.

Following negotiations with Burlington the lease was assigned to another operator in consideration of a gross overriding royalty and the new operator has prepared a re-completion program to be carried out prior to the expiration of the lease. This re-completion work is entering phase 2 which is to equip the well with full production facilities. The gross estimated cost of these facilities is \$250,000 Canadian. The 10% participation will earn 8% BPO and 4% APO. The purchase price of the property was \$44,430.

Following extensive internal reviews by the Company, Management decided to exit from this property due to the uncertainty of the economic recovery of the ongoing costs of participation and the costs already incurred on this project. The costs of exiting from this property were \$4,480.

### **The Turner Valley Project**

On October 10, 2003, the Company entered into a purchase agreement to acquire 10% of a cased gas-well south west of Calgary. The Company will earn 10% after the initial investment has been paid (APO). The gas well was drilled in 1969 by Shell Oil for deep oil potential in the Turner Valley Formation (drill depth 10,803 feet). An oil pay zone was encountered but watered out after 5 years of production and was subsequently abandoned by Shell Oil. The Company has a 7.5% working interest in 7 sections (4480 acres) of offset land. The purchase price of this property was \$18,427.

Following extensive any internal reviews by the Company, Management decided to exit from this property due to the uncertainty of the economic recovery of the ongoing costs of participation and the costs already incurred on this project. The costs of exiting from this property were \$3,734.

### **Triangle Lands**

On November 28, 2003, the Company entered into a purchase agreement to acquire 25% interest in leases containing 9287 gross acres (5350 net acres) within 17 sections of land extending along a regional structural trend in the southwest Alberta Foothills Belt for approximately 30 miles. Based on geologic and seismic surveys, the leases are located on Triangle shaped structures that have prospective gas reserves. Acquisition of this property amounted to \$192,700.

The Company is currently engaged in a significant independent evaluation being conducted by a very prominent Oil and Gas Evaluation Firm in Calgary, Alberta, Canada. It is expected that this confidential report will be available to the company in early April 2004 and the Company will be making its drilling intentions public soon thereafter. Our internal evaluations indicate significant potential for Turner Valley Oil and Gas and it is Management's position that it intends to focus the Company's attention on this area. There will be a substantial requirement for the Company to capitalize a drilling program in the second Quarter of 2004, should the Company proceed with the proposed exploration plans. The Company expects to announce its intentions regarding this financing plan, next following the completion of Management's internal reviews of all data currently being assessed.

General and administrative costs for the quarter ended March 31, 2004 decreased by 94% to \$18,355, when compared to \$315,653, for the same period last year. The decreases in costs were caused by a reduction in services provided by legal and accounting professionals.

### **Liquidity**

The Company's net working capital for the quarter ended March 31, 2004 was a negative \$(12,583), compared to \$9,095 for the year ended December 31, 2003. The decrease in working capital was due to costs associated with abandonment of oil and gas properties and costs relating to the operations of the Company..

To date, we have not invested in derivative securities or any other financial instruments that involve a high level of complexity or risk. We expect that in the future, any excess cash will continue to be invested in high credit quality, interest-bearing securities.

We believe cash from operating activities, and our existing cash resources may not be sufficient to meet our working capital requirements for the next 12 months. We will likely require additional funds to support the Company's business plan. Management intends to raise additional working capital through debt and equity financing. There can be no assurance that additional financing will be available on acceptable terms, if at all. If adequate funds are not available, we may be unable to take advantage of future opportunities, respond to competitive pressures, and may have to curtail operations.

There are no legal or practical restrictions on the ability to transfer funds between parent and subsidiary companies.

There are no known trends or uncertainties excepting those herein disclosed, that will have a material impact on revenues.

## **PART II: OTHER INFORMATION**

**Item 1. Legal Proceedings.** None.

**Item 2. Changes in Securities.** None.

**Item 3. Defaults on Senior Securities.** None

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

**Item 5. Other Information.** None.

**Item 6. Exhibits and Reports on Form 8-K.**

Exhibit 31. Section 302 Certification

Exhibit 32. Certification Pursuant TO 18 USC Section 1350

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-Q Report for the Quarter ended March 31, 2005, has been signed below by the following persons on behalf of the Registrant and in the capacity and on the date indicated.

*Turner Valley Oil and Gas, Inc.*

Dated: May 16, 2005

by

/s/Christopher Paton-Gay  
Christopher Paton-Gay  
president director

/s/Donald Jackson Wells  
Donald Jackson Wells  
director

/s/Joseph Kane  
Joseph Kane  
director

**Exhibit 31**

**Section 302 Certification**

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**CERTIFICATIONS PURSUANT TO SECTION 302**

I, Christopher Paton-Gay, president/director, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of March 31, 2005;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers 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 have:
  - a) designed such disclosure controls and procedures to ensure that 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 quarterly report is being 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 quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly 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 officers 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 officers and I have indicated in this quarterly report whether 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: August 5, 2005  
Christopher Paton-Gay  
president director

/s/ Christopher Paton-Gay





**Exhibit 32**

**CERTIFICATION PURSUANT TO 18 USC SECTION 1350**

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of *Turner Valley Oil & Gas, Inc.*, a Nevada corporation (the "Company"), on Form 10-QSB for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Christopher Paton-Gay, president/director of the Company, certify, pursuant to 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2005  
Christopher Paton-Gay  
president director

/s/ Christopher Paton-Gay

