

US ENERGY CORP  
Form 10-Q/A  
April 05, 2006

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarter ended March 31, 2005 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 8<sup>th</sup> 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 whether the Company (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

Indicate by check mark whether the registrant is an accelerated filer (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 May 13, 2005
Common stock, \$.01 par value	16,373,630

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Explanation

U.S. Energy Corp. (“USE” or “the Company”) is filing this Amendment No. 1 on Form 10-Q/A (this “Form 10-Q/A”) to amend our Quarterly Report on Form 10-Q for the first quarter ended March 31, 2005, as initially filed with the Securities and Exchange Commission (the “SEC”) on May 18, 2005, and is being filed to reflect the restatement of our condensed consolidated balance sheet as of March 31, 2005 and the related consolidated statements of operations and cash flows for the three months ended March 31, 2005, as discussed in Note 16 to the unaudited condensed consolidated financial statements.

All of the changes in these restated financial statements and corresponding notes to the financial statements relate specifically to the accounting treatment given to the beneficial conversion feature associated with senior convertible debentures which were entered into on February 9, 2005. The convertible debentures include beneficial conversion features. Pursuant to EITF 98-5~ *Accounting for Convertible Securities with Beneficial Conversion Features and Contingently Adjustable Conversion Ratios* and EITF 00-27~ *Application of Issue No. 98-5 to Certain Convertible Instruments*, the Company determined that the effective conversion price should be used to compute the intrinsic value of the embedded conversion option.

Except for the foregoing amended information required to reflect the effects of the restated condensed consolidated balance sheet, statements of operations and cash flows this Form 10-Q/A continues to describe conditions as presented in the original report on Form 10-Q filed on May 18, 2005. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the original filing of the Form 10-Q.

Accordingly, this Form 10-Q/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the original Form 10-Q, including any amendments to those filings.

**U.S. ENERGY CORP. and SUBSIDIARIES**

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**U.S. ENERGY CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
**ASSETS**

	March 31, 2005 (Restated)	December 31, 2004
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7,996,600	\$ 3,842,500
Accounts receivable		
Trade, net of allowance of \$111,300	802,000	797,500
Affiliates	13,300	13,500
Other	--	52,700
Current portion of long-term notes receivable	35,500	49,500
Prepaid expenses	408,200	489,700
Inventories	176,300	176,100
<b>Total current assets</b>	<b>9,431,900</b>	<b>5,421,500</b>
<b>INVESTMENTS:</b>		
Non-affiliated company	957,700	957,700
Restricted investments	6,851,500	6,852,300
<b>Total investments</b>	<b>7,809,200</b>	<b>7,810,000</b>
<b>PROPERTIES AND EQUIPMENT:</b>		
	22,519,800	22,088,600
Less accumulated depreciation, depletion and amortization	(8,674,500)	(8,322,000)
<b>Net properties and equipment</b>	<b>13,845,300</b>	<b>13,766,600</b>
<b>OTHER ASSETS:</b>		
Notes receivable trade	2,950,800	2,971,800
Deposits and other	1,019,400	733,800
<b>Total other assets</b>	<b>3,970,200</b>	<b>3,705,600</b>
<b>Total assets</b>	<b>\$ 35,056,600</b>	<b>\$ 30,703,700</b>

The accompanying notes are an integral part of these statements.

**U.S. ENERGY CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
**LIABILITIES AND SHAREHOLDERS' EQUITY**

	March 31, 2005 (Restated)	December 31, 2004
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,382,000	\$ 1,751,300
Accrued compensation expense	168,900	181,700
Asset retirement obligation	192,700	192,700
Current portion of long-term debt	3,332,400	3,400,100
Escrow	500,000	--
Other current liabilities	829,500	532,200
<b>Total current liabilities</b>	<b>6,405,500</b>	<b>6,058,000</b>
<b>LONG-TERM DEBT</b>	<b>5,176,100</b>	<b>3,780,600</b>
<b>ASSET RETIREMENT OBLIGATIONS</b>	<b>7,986,800</b>	<b>7,882,400</b>
<b>OTHER ACCRUED LIABILITIES</b>	<b>1,928,600</b>	<b>1,952,300</b>
<b>DEFERRED GAIN ON SALE OF ASSET</b>	<b>1,279,000</b>	<b>1,279,000</b>
<b>MINORITY INTERESTS</b>	<b>434,900</b>	<b>871,100</b>