PYR ENERGY CORP
Form 10-Q
July 14, 2003

U.S. Securities And Exchange Commission
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended May 31, 2003

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File No. 0-20879

PYR ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	95-4580642
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1675 Broadway, Suite 2450, Denver, CO	80202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (303) 825-3748

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No X

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

The number of shares outstanding of each of the issuer's classes of common stock as of July 14, 2003 is as follows:

$.001 Par Value Common Stock	23,701,357

PYR ENERGY CORPORATION
FORM 10-Q
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PART I

ITEM 1. FINANCIAL STATEMENTS

PYR ENERGY CORPORATION
(A Development Stage Company)
BALANCE SHEETS

ASSETS

	5/31/03 (UNAUDITED)	8/31/02
CURRENT ASSETS		
Cash	$ 4,792,821	$ 6,516,086
Deposits and prepaid expenses	71,341	47,365
Total Current Assets	4,864,162	6,563,451
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment, net	30,039	34,244
Oil and gas properties, net	7,157,038	6,771,111
	7,187,077	6,805,355
OTHER ASSETS		
Deferred financing costs and other assets	69,054	31,444
	69,054	31,444
	$ 12,120,293	$ 13,400,250

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,258,050	$ 532,597

Total Current Liabilities	1,258,050	532,597
CONVERTIBLE NOTES	6,303,975	6,000,000
STOCKHOLDERS' EQUITY		
Common stock, $.001 par value		
Authorized 75,000,000 shares		
Issued and outstanding - 23,701,357 shares	23,701	23,701
Capital in excess of par value	35,407,657	35,407,657
Deficit accumulated during the development stage	(30,873,090)	(28,563,705)
	4,558,268	6,867,653
	$ 12,120,293	$ 13,400,250

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PYR ENERGY CORPORATION
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended 5/31/03	Three Months Ended 5/31/02	Nine Months Ended 5/31/03	N M E 5/
REVENUES				
Oil and gas revenues	$ 43,041	$ 38,510	$ 137,079	$
Interest	11,044	23,577	45,879	
Other	--	--	--	
	54,085	62,087	182,958	
OPERATING EXPENSES				
Lease operating expenses	18,349	28,808	64,694	
Impairment, dry hole, and abandonments	--	--	1,178,267	
Depreciation and amortization	3,020	3,691	8,892	
General and administrative	339,576	323,474	1,010,119	
Interest	78,316	6,562	230,371	
	439,261	362,535	2,492,343	1,
OTHER INCOME				

Gain on sale of oil and gas prospects	--	--	--	
	(385,176)	(300,448)	(2,309,385)	(
INCOME APPLICABLE TO PREDECESSOR LLC	--	--	--	
NET (LOSS) INCOME	(385,176)	(300,448)	(2,309,385)	(
Less dividends on preferred stock	--	--	--	
NET (LOSS) TO COMMON STOCKHOLDERS	$ (385,176)	$ (300,448)	$ (2,309,385)	$ (
NET (LOSS) PER COMMON SHARE -BASIC AND DILUTED	(0.02)	(0.01)	(0.10)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	23,701,357	23,691,357	23,701,357	23,

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PYR ENERGY CORPORATION
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended 5/31/03	Nine Months Ended 5/31/02	Cumulative A from Incept Through 5/3
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (2,309,385)	$ (937,986)	$(30,837,2
Adjustments to reconcile net loss to net cash used by operating activities			
Depreciation and amortization	8,892	10,917	107,4
Contributed services	--	--	36,0
Gain on sale of oil and gas prospects	--	--	(556,1
Impairment, dry hole and abandonments	1,178,267	113,544	26,762,3
Common stock issued for interest on debt	--	--	136,8
Common stock issued for services	--	--	178,6
Amortization of financing costs	2,390	--	30,1
Amortization of marketable securities	--	--	(20,2
Accrued interest converted into debt	221,948	--	221,9

Changes in assets and liabilities			
(Increase) in accounts receivable	--	--	(5
(Increase) decrease in prepaids	(23,976)	5,568	(75,8
Increase (decrease) in accounts payable, accruals	311,024	412,281	(779,2
Other	(40,000)	3,447	(38,7
Net cash used by operating activities	(650,840)	(392,229)	(4,834,6
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for furniture and equipment	(4,688)	(11,293)	(136,8
Cash paid for oil and gas properties	(1,067,737)	(7,765,192)	(31,879,4
Proceeds from sale of oil and gas properties	--	--	1,300,0
Cash paid for marketable securities	--	--	(5,090,7
Proceeds from sale of marketable securities	--	--	5,111,0
Cash paid for reimbursable property costs	--	--	(28,3
Net cash used in investing activities	(1,072,425)	(7,776,485)	(30,724,3
CASH FLOWS FROM FINANCING ACTIVITIES			
Members capital contributions	--	--	28,0
Distributions to members	--	--	(66,0
Cash from short-term borrowings	--	--	285,0
Repayment of short-term borrowings	--	--	(285,0
Cash received upon recapitalization and merger	--	--	3
Proceeds from sale of common stock	--	--	30,788,7
Proceeds from sale of convertible debt	--	6,000,000	8,500,0
Proceeds from exercise of warrants	--	--	2,011,0
Proceeds from exercise of options	--	--	204,5
Cash paid for offering and financing costs	--	--	(1,058,7
Payments on capital lease	--	--	(5,1
Preferred dividends paid	--	--	(50,9
Net cash provided by financing activities	--	6,000,000	40,351,8
NET (DECREASE) INCREASE IN CASH	(1,723,265)	(2,168,714)	4,792,8
CASH, BEGINNING OF PERIODS	6,516,086	9,800,842	--
CASH, END OF PERIODS	$ 4,792,821	$ 7,632,128	$ 4,792,8

PYR ENERGY CORPORATION
(A Development Stage Company)
Notes to Financial Statements
May 31, 2003

The accompanying interim financial statements of PYR Energy Corporation are unaudited. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim period. The results of operations for the nine months ended May 31, 2003 are not necessarily indicative of the operating results for the entire year.

We have prepared the financial statements included herein pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote 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. We believe the disclosures made are adequate to make the information not misleading and recommend that these condensed financial statements be read in conjunction with the financial statements and notes included in our Form 10-K/A1 for the year ended August 31, 2002.

PYR Energy Corporation (formerly known as Mar Ventures Inc. ("Mar")) was incorporated under the laws of the State of Delaware on March 27, 1996. Mar was a public company with no significant operations as of July 31, 1997. On August 6, 1997, Mar acquired all the interests in PYR Energy LLC ("PYR LLC") (a Colorado limited liability company organized on May 31, 1996), a development stage company as defined by Statement of Financial Accounting Standards (SFAS) No. 7. PYR LLC, an independent oil and gas exploration company, was engaged in the acquisition of undeveloped oil and gas interests for exploration and exploitation in the Rocky Mountain region and California. As of August 6, 1997, PYR LLC had acquired only non-producing leases and acreage, and no exploration had commenced on the properties. Upon completion of the acquisition of PYR LLC by Mar, PYR LLC ceased to exist as a separate entity. Mar remained as the surviving legal entity and, effective November 12, 1997, Mar changed its name to PYR Energy Corporation. Effective July 2, 2001, the Company was re-incorporated in Maryland through the merger of the Company into a wholly owned subsidiary, PYR Energy Corporation, a Maryland corporation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires us 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - For purposes of reporting cash flows, we consider as cash equivalents all highly liquid investments with a maturity of three months or less at the time of purchase. At May 31, 2003, there were no cash equivalents.

PROPERTY AND EQUIPMENT - Furniture and equipment is recorded at cost. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets of three to five years. Expenditures for replacements, renewals, and betterments are capitalized. Maintenance and repairs are charged to operations as incurred.

OIL AND GAS PROPERTIES - We follow the full cost method to account for our oil and gas exploration and development activities. Under the full cost method, all costs incurred which are directly related to oil and gas exploration and development are capitalized and subjected to depreciation and depletion. Depletable costs also include estimates of future development costs of proved reserves. Costs related to undeveloped oil and gas properties may be excluded from depletable costs until such properties are evaluated as either proved or unproved. The net capitalized costs are subject to a ceiling limitation. Gains

or losses upon disposition of oil and gas properties are treated as adjustments to capitalized costs, unless the disposition represents a significant portion of the Company's proved reserves.

Unevaluated oil and gas properties consists of ongoing exploratory drilling costs, for which no results have been obtained, and of leases and acreage that we acquire for our exploration and development activities. The cost of these non-producing leases is recorded at the lower of cost or fair market value.

We have adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. At August 31, 2002, we had no proved reserves and recorded an impairment charge against the net value of our evaluated properties of approximately $11,723,000 based on the ceiling test limitation. This charge relates primarily to costs incurred at our East Lost Hills project. Although properties may be considered as evaluated for purposes of the ceiling test and included in the impairment calculation, until these properties are completely abandoned, we may continue to incur costs associated with these properties. Until we can establish economic reserves, of which there is no assurance, additional costs associated with these properties are capitalized, then charged to impairment expense as incurred. For the nine months ended May 31, 2003, impairment charges totaled $1,178,267.

SFAS 143, "Accounting for Asset Retirement Obligations," provides accounting requirements for retirement obligations associated with tangible long-lived assets, including the timing of liability recognition, initial measurement of the liability, allocation of asset retirement costs to expense, subsequent measurement of the liability, and financial statement disclosures. SFAS 143 requires that asset retirement costs be capitalized along with the cost of the related long-lived asset. The asset retirement costs should then be allocated to expense using a systematic and rational method. SFAS 143 requires us to recognize an estimated liability for the plugging, abandoning of oil and gas wells and site restoration associated with oil and gas properties. We adopted SFAS 143 effective September 1, 2002, and, during the quarter ended February 28, 2003, accrued a total of $600,000 to reflect the liability for plugging, abandonment and site restoration obligations associated with East Lost Hills wells. Our estimate is based on the best information available to us at this time. Revisions to the liability could occur due to changes in actual plugging, abandonment and or site restoration cost. Because we expect to incur these costs within the next twelve months, the liability we recorded is undiscounted and is reflected under current liabilities on our balance sheet as of May 31, 2003. These costs have been capitalized and charged to impairment expense.

INCOME TAXES - We have adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

NOTE 2 - CONVERTIBLE NOTES

On May 24, 2002, we received $6 million in gross proceeds from the sale of convertible notes due May 24, 2009. These notes call for semi-annual interest payments at an annual rate of 4.99% and are convertible into shares of common stock at the rate of $1.30 per share. The interest can be paid in cash or added to the principal amount at the discretion of the Company. The notes were issued to three investment funds pursuant to exemptions from registration under Sections 3(b) and/or 4(2) of the Securities Act of 1933, as amended. On November 24, 2002 and May 24, 2003, we elected to add $151,751 and $152,224, respectively, in interest due on these notes to the principal balance (rather than pay the interest in cash on a current basis) so that at May 31, 2003, the aggregate balance of these notes, reflected as Convertible Notes under Long Term Debt, was $6,303,975.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are a development stage independent oil and gas exploration company whose strategic focus is the application of advanced seismic imaging and computer aided exploration technologies in the systematic search for commercial hydrocarbon reserves, primarily in the onshore western United States. We attempt to leverage our technical experience and expertise with seismic data to identify exploration and exploitation projects with significant potential economic return. We intend to participate in selected exploration projects as a working interest owner, sharing both risk and rewards with other participants. We do not currently operate any projects in which we own a working interest, although we may operate some projects in the future. We do not have the financial ability to commence exploratory drilling operations without third party participation. We have pursued, and will continue to pursue, exploration opportunities in regions in which we believe significant opportunity for discovery of oil and gas exists. By attempting to reduce drilling risk through seismic technology, we seek to improve the expected return on investment in our oil and gas exploration projects.

Our future financial results continue to depend primarily on (1) our ability to discover commercial quantities of hydrocarbons; (2) the market price for oil and gas; (3) our ability to continue to source and screen potential projects; and (4) our ability to fully implement our exploration and development program with respect to these and other matters. There can be no assurance that we will be successful in any of these respects or that the prices of oil and gas prevailing at the time of production will be at a level allowing for profitable production.

We paid approximately $1,068,000 and $7,765,000 during the nine months ended May 31, 2003 and 2002, respectively, for drilling costs, delay rentals, acquisition of acreage, direct geological and geophysical costs, and other related direct costs, with respect to our identified exploration and exploitation projects.

We control interests in several exploration projects in the San Joaquin Basin and in select areas of the Rocky Mountains. In addition to East Lost Hills, projects in the San Joaquin Basin include our Wedge and Bulldog prospects, which are large target reserve, deep Temblor gas prospects located to the northwest of our East Lost Hills acreage, and our Blizzard prospect which is a light oil Stevens target. In the Rocky Mountains, we currently are focusing on our Cumberland and Mallard projects, located in southwestern Wyoming, and on our Montana Foothills project. We intend to raise financing from outside sources to assist in funding the drilling of initial test wells in the California and Wyoming projects. We have considered and are pursuing both industry partners as well as investments from individuals and other entities, with the latter in the form of a direct investment in the particular project or projects, or in the form of investment in a drilling fund. If we are able to obtain, in either of these or any other form, sufficient funding for one or more of these projects, of which there is no assurance, we expect to commence drilling at least one exploration well in any such funded projects during the next 12 months. However, there can be no assurance that any wells will be drilled, or if drilled, that any of these wells will be successful.

It is anticipated that the future development of our business will require additional, and possibly substantial, capital expenditures. Depending upon the extent of success of our ability to raise capital through the drilling fund and/or the level of industry participation in our exploration projects, we anticipate spending a minimum of $2.1 million for capital expenditures relating to exploration of our projects during the next 12 months. We may need to raise additional funds in the future to cover capital expenditures. These funds may come from cash flow, equity or debt financing, or from sales of interests in our properties, although there is no assurance additional funding of any nature will be available.

At May 31, 2003, we had a working capital amount of approximately $3,606,000 and had $6,303,975 of convertible notes outstanding. These notes are due on May 24, 2009 and call for semi-annual interest payments at an annual rate of 4.99%. The interest can be paid in cash or added to the principal amount at the discretion of the Company. The notes are convertible into shares of common stock at the rate of $1.30 per share. At May 31, 2003, we had not entered into any commodity swap arrangements or hedging transactions. Although we have no current plans to do so, we may enter into commodity swap and/or hedging transactions in the future in conjunction with oil and gas production.

The following table summarizes the Company's obligations and commitments to make future payments under its convertible notes payable and office lease for the periods specified as of May 31, 2003:

	Payments Due by Period			
CONTRACTUAL OBLIGATIONS	Total	Three Months Ended 8/31/03	Fiscal Years 2004 - 2006	Fiscal Years 2007 - 2008
Convertible Notes Payable	$8,474,313	$ --	$ --	$ --
Office Lease	122,184	24,431	97,753	--
Total Contractual Cash Obligations	$8,596,497	$ 24,431	$ 97,753	$ --

The above schedule assumes convertible note interest payments will be added to the principal amount (which is at the discretion of the Company), and the entire balance will be paid in full on maturity of May 24, 2009, and there will be no conversion of debt to common stock. In addition to the above obligations, if we elect to continue holding all our existing leases on a delayed rental basis, we would have to pay approximately $917,000 over the next twelve months, including approximately $572,000 that we intend to pay during the three months ending August 31, 2003. The Company considers on a quarterly basis whether to continue holding all or part of each acreage block by making delay rental payments on existing leases.

The following is a summary of the current status of our exploration projects:

East Lost Hills, California. Although the 1998 blow-out of the original test well, the Bellevue #1-17, evidenced high volumes and deliverability of hydrocarbons, the project has still not established meaningful commercial production. Because of the very high historical cost structure of operations, the expiration of certain leases, and uncertainties regarding the ability or desire of other participants to continue to fund operations at East Lost Hills, we are limiting our capital expenditures at East Lost Hills to those that we are contractually liable for until such a point in time as many of the ongoing problems associated with the play are mitigated, of which there is no assurance. If additional operations are proposed, we will carefully evaluate to what extent, if any, we will participate in those operations.

During our third quarter ended May 31, 2003, our only producing well, the East Lost Hills ELH #1, produced a gross total of approximately 90 mmcfe, averaging approximately 982 mcf per day. Water production during this period averaged approximately 5,000 barrels per day. We own a 12.12% working interest in this well.

The operator at East Lost Hills has formally proposed plugging the ELH #4 and ELH #9 wells. Although we have consented to these operations, we have not been notified if or when these wells will be plugged. We own a 12.12% working interest in each of these wells.

The Aera Energy LLC NWLH 1-22 well has reached total depth, however completion operations have not commenced. It is uncertain as to whether this well will be completed for production testing. Because we have determined to prioritize our financial resources on other prospects, we have notified the operator of our non-consent election in the completion of this well. We own a 4.04% working interest in this well, subject to a 300% percent non-consent penalty.

Wedge Prospect, California. This is a seismically identified Temblor prospect located northwest of and adjacent to the East Lost Hills deep gas discovery. During the first fiscal quarter of 2001, we acquired approximately 17 miles of proprietary, high effort 2D seismic data and combined this data with existing 2D seismic data in order to refine what we interpret as the up-dip extension of the East Lost Hills structure. Our seismic interpretation shows that the same trend at East Lost Hills extends approximately ten miles farther northwest of the East Lost Hills Area of Mutual Interest and can be encountered as much as 3,000 feet higher. We currently control approximately 12,100 gross and approximately 11,600 net acres here. Our approach is to sell down our working interest and retain a 25% to 50% working interest in this prospect; however, there is no assurance that we will be able to do so at a favorable price to PYR.

Bulldog Prospect, California. This project is a 2D seismically identified natural gas and condensate prospect located adjacent to the giant Kettleman North Dome field in the San Joaquin Basin. This prospect can be best characterized as a classic footwall fault trap, similar to the many known footwall fault trap accumulations that have produced significant quantities of hydrocarbons throughout the San Joaquin Basin. We currently control approximately 15,600 gross and approximately 15,100 net acres here. We expect to sell down our working interest in this project and retain a 25% to 50% working interest in the prospect acreage and in a 14,000 foot test well we expect to drill during calendar 2003; however, there is no assurance that we will be able to sell part of our working interest in this project or that the test well will be drilled during calendar year 2003, or at all.

Blizzard Prospect, California. The Blizzard prospect, located in the Southern San Joaquin Basin, Kern county, is defined by 3D seismic data as an untested uppermost Stevens turbidite sandstone similar to other Stevens reservoir sandstones. While stratigraphically higher than productive sands at the neighboring Rio Viejo field, the Blizzard reservoir is located basinward along a direct migration pathway from the hydrocarbon generation basin center. As evidenced at Yowlumne Field (located 5 miles to the west), higher stratigraphic sands deposited basinward exhibit better productivity and higher reserve potential. Estimated target depth for the Blizzard prospect is approximately 14,500 feet. We control approximately 1,900 gross and net acres in the prospect area. We anticipate drilling an initial test well during calendar year 2003, and intend to retain a 25% to 50% working interest in this project; however, there is no assurance that we can obtain sufficient funding to be able to do so.

Montana Foothills Project. This extensive natural gas exploration project, located in northwestern Montana, is part of the southern Alberta Basin, and has been classified as the southern extension of the Alberta Foothills producing province. The USGS and numerous Canadian industry sources have estimated significant recoverable reserves for the Montana portion of the Foothills trend. Based on extensive geologic and seismic analysis, we have identified numerous structural culminations of similar size, geometry, and kinematic history as prolific Canadian foothills fields, such as Waterton and Turner Valley.

The geologic setting and hydrocarbon potential of this area was not recognized by industry until the early 1980s. At that time, a number of companies initiated exploration efforts, including Exxon, Arco, Chevron, Amoco, Conoco, and Unocal. This initial exploration phase culminated in a deep test by Unocal in 1989. Although this well was unsuccessful, recent improvements in seismic imaging and pre-stack processing have resulted in our belief that this test well was drilled based upon a misleading seismic image and was located significantly off-structure.

We currently control approximately 241,800 gross and 226,300 net acres in this project and are currently presenting this project to potential industry participants in order to sell down our working interest to between 10% and 40% and to generate exploratory drilling activity, of which there is no assurance.

Cumberland Project, Wyoming. The Cumberland project, located within the Overthrust Belt of southwest Wyoming, is a gas-condensate exploration prospect in Uinta County, Wyoming. Cumberland is at the northern end of the historically productive Nugget trend on the hangingwall of the Absaroka thrust fault. The prospect lies along trend of and just north of Ryckman Creek field, which was discovered in 1975.

The Cumberland prospect can be best characterized as a classic hangingwall anticlinal trap, similar to the many known Nugget sandstone accumulations that have produced significant quantities of hydrocarbons from Pineview to Ryckman Creek. The Cumberland culmination is the result of structural deformation related to back-thrusting off of the Absaroka thrust, a similar geometry to that exhibited at East Painter Reservoir field.

We currently control approximately 5,400 gross and net acres in the project and intend to sell down our working interest to between 25% and 50%, although there is no assurance that we will be able to do so. The State of Wyoming issued a drilling permit for our Cumberland exploration well.

Mallard Project, Wyoming. The Mallard project, located within the Overthrust Belt of SW Wyoming, is a sour gas and condensate exploration prospect in Uinta County, Wyoming. It is within the Paleozoic trend of productive fields on the Absaroka thrust, and directly offsets and is adjacent to the giant sour gas field of Whitney Canyon-Carter Creek.

We interpret the Mallard prospect to occupy a separate fault block, adjacent to the Whitney Canyon field, generated by a complex imbricated system of faults originating from the Absaroka thrust. Paleozoic targets at the Mallard prospect include the Mississippian Mission Canyon, as well as numerous secondary objectives in the Ordovician, Pennsylvanian, and Permian sections.

We currently control approximately 3,900 gross and net acres in the project and intend to sell down our working interest to between 25% and 50%, although there is no assurance that we will be able to do so.

Results of Operations

The quarter ended May 31, 2003 compared with the quarter ended May 31, 2002.

Operations during the quarter ended May 31, 2003 resulted in a net loss of $385,176 compared with a net loss of $300,448 for the quarter ended May 31, 2002. The increase in net loss is due primarily to an increase in interest expense of approximately $72,000 from the prior year period. A broader discussion of these and other items are presented below.

Oil and Gas Revenues and Expenses. During the quarter ended May 31, 2003, we recorded $33,884 from the sale of 6,347 mcf of natural gas for an average price of $5.34 per mcf and $9,157 from the sale of 332 bbls of hydrocarbon liquids for an average price of $27.58 per barrel. Lease operating expenses during this period were $18,349. During the quarter ended May 31, 2002, we recorded $29,460 from the sale of 10,696 mcf of natural gas for an average price of $2.75 per mcf and $8,426 from the sale of 434 bbls of hydrocarbon liquids for an average price of $19.41 per barrel. Overriding royalty revenues totaled $624. Lease operating expenses during this period were $28,808.

Depreciation, Depletion and Amortization. We recorded no depreciation, depletion and amortization expense from oil and gas properties for the quarters ended May 31, 2003 and May 31, 2002. Although the East Lost Hills #1 began producing in 2001, we recorded an impairment against our entire amortizable full cost pool both at August 31, 2002 and August 31, 2001, and therefore had no costs to amortize. No additional impairment was recorded against our oil and gas properties for the quarters ended May 31, 2003 and May 31, 2002. We recorded $3,020 and $3,691 in depreciation expense associated with capitalized office furniture and equipment during the quarters ended May 31, 2003 and May 31, 2002, respectively.

Dry Hole, Impairment and Abandonments. During the quarters ended May 31, 2003 and May 31, 2002, we recorded no impairment expense. Although properties may be considered evaluated for purposes of the ceiling test and included in the impairment calculation, until these properties are completely abandoned, we may continue to incur costs associated with these properties. Until we can establish economic reserves, of which there is no assurance, any additional costs associated with these properties are capitalized, and then charged to impairment expense as incurred.

General and Administrative Expense. We incurred $339,576 and $323,474 in general and administrative expenses during the quarters ended May 31, 2003 and May 31, 2002, respectively. The difference is due largely to increased insurance premiums for directors and officers of the Company.

Interest Expense. We incurred $78,316 and $6,562 in interest expense for the quarters ended May 31, 2003 and May 31, 2002, respectively. The interest expense is associated with the May 24, 2002 sale of outstanding convertible notes due on May 24, 2009.

The nine months ended May 31, 2003 compared with the nine months ended May 31, 2002.

Oil and Gas Revenues and Expenses. For the nine months ended May 31, 2003, we recorded $106,507 from the sale of 25,268 mcf of natural gas for an average price of $4.22 per mcf and $30,572 from the sale of 1,192 bbls of hydrocarbon liquids for an average price of $25.65 per barrel. Operating expenses during this period were $64,694. During the nine months ended May 31, 2002, we recorded $70,305 from the sale of 28,996 mcf of natural gas for an average price of $2.42 per mcf and $23,568 from the sale of 1,347 bbls of hydrocarbon liquids for an average price of $17.50 per barrel. Additionally, we recorded overriding royalty revenues of $16,949 dating back to the commencement of production of the ELH#1 well. Operating expenses were $60,769 for this period.

Depreciation, Depletion and Amortization. We recorded no depreciation, depletion and amortization expense from oil and gas properties for the nine months ended May 31, 2003 and May 31, 2002. Although the East Lost Hills #1 began producing in 2001, we recorded an impairment against our entire amortizable full cost pool for both the nine months ended May 31, 2003 and May 31, 2002, and therefore had no costs to amortize. We recorded $8,892 and $10,917 in depreciation expense associated with capitalized office furniture and equipment during the nine months ended May 31, 2003 and May 31, 2002, respectively.

Dry Hole, Impairment and Abandonments. During the nine months ended May 31, 2003, we recorded an impairment of $1,178,267. The charge was made up of $600,000 in estimated plugging costs for the East Lost Hills wells and $578,267 in additional costs that continue to be incurred primarily on the East Lost Hills property. Although properties may be considered evaluated for purposes of the ceiling test and included in the impairment calculation, until these properties are completely abandoned, we may continue to incur costs associated with these properties. Until we can establish economic reserves, of which there is no assurance, additional costs associated with these properties are capitalized, then charged to impairment expense as incurred. During the nine months ended May 31, 2002, we recorded impairment expense of $113,544.

General and Administrative Expense. We incurred $1,010,119 and $975,759 in general and administrative expenses during the nine months ended May 31, 2003 and May 31, 2002, respectively. The difference is due largely to increased costs associated with attempting to establish a drilling fund and increased insurance premiums for directors and officers of the Company. The increase is offset partially by higher costs in the prior fiscal year associated with the preparation of an independent reserve analysis.

Interest Expense. We incurred $230,371 and $6,562 in interest expense for the nine months ended May 31, 2003 and May 31, 2002, respectively. The interest expense is associated with the May 24, 2002 sale of outstanding convertible notes due on May 24, 2009.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our Financial Statements.

Reserve Estimates:

Our estimates of oil and natural gas reserves, by necessity, are projections based on geological and engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and natural gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected from there may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves, which could affect the carrying value of our oil and gas properties and/or the rate of depletion of the oil and gas properties. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

Many factors will affect actual net cash flows, including the following: the amount and timing of actual production; supply and demand for natural gas; curtailments or increases in consumption by natural gas purchasers; and changes in governmental regulations or taxation.

Property, Equipment and Depreciation:

We follow the full cost method to account for our oil and gas exploration and development activities. Under the full cost method, all costs incurred which are directly related to oil and gas exploration and development are capitalized and subjected to depreciation and depletion. Depletable costs also include estimates of future development costs of proved reserves. Costs related to undeveloped oil and gas properties may be excluded from depletable costs until those properties are evaluated as either proved or unproved. The net capitalized costs are subject to a ceiling limitation based on the estimated present value of discounted future net cash flows from proved reserves. As a result, we are required to estimate our proved reserves at the end of each quarter, which is subject to the uncertainties described in the previous section. Gains or losses upon disposition of oil and gas properties are treated as adjustments to capitalized costs, unless the disposition represents a significant portion of the Company's proved reserves.

ITEM 3. QUANTITIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

Based on an evaluation carried out under the supervision, and with the participation of the management of the Company, including the Chief Executive Officer and the Principal Financial Officer, during the 90 day period prior to the filing of this report, the Company's Chief Executive Officer and Principal Financial Officer believe the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rules 13a-14 and 15d-14, are, to the best of their respective knowledge, effective.

(b) Changes in internal controls

Subsequent to the date of this evaluation, the Chief Executive Officer and Principal Financial Officer are not aware of any significant changes in the Company's internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses, or in other factors that could significantly affect these controls to ensure that information required to be disclosed by the Company, in reports that it files or submits under the Securities Act of 1934, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and regulations.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities and Use of Proceeds; Recent Sales Of Unregistered Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Previously reported.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

99.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) During the Quarter ended May 31, 2003, we filed one report on Form 8-K:

A Form 8-K was filed on April 15, 2003 reporting a news release dated April 14, 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Signatures	Title	Date
/s/ D. Scott Singdahlsen D. Scott Singdahlsen	President, Chief Executive Officer and Chairman of The Board of Directors	July 14, 2003
/s/ Alisa C. Moore Copeland Alisa C. Moore Copeland	Corporate Controller (Principal Financial Officer)	July 14, 2003

CERTIFICATIONS

I, D. Scott Singdahlsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PYR Energy Corporation;

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 we 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.

Date: July 14, 2003

/s/ D. Scott Singdahlsen

D. Scott Singdahlsen
Chief Executive Officer

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I, Alisa C. Moore Copeland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PYR Energy Corporation;

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 we 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.

Date: July 14, 2003

/s/ Alisa C. Moore Copeland

Alisa C. Moore Copeland
Corporate Controller
(Principal Financial Officer)