

US ENERGY CORP
Form 10-Q
November 14, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarter ended September 30, 2007 or
- Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 0-6814

U.S. ENERGY CORP.

(Exact Name of Company as Specified in its Charter)

Wyoming

(State or other jurisdiction of
incorporation or organization)

83-0205516

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

877 North 8th West, Riverton, WY

(Address of principal executive offices)

82501

(Zip Code)

Company's telephone number, including area
code:

(307) 856-9271

Not Applicable

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES

NO

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

YES

NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES

NO

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

Large accelerated filer Accelerated
filer Non-accelerated filer

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

YES NO

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

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

YES NO

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

Class	Outstanding Shares at November 13, 2007
Common stock, \$.01 par value	21,087,396

U.S. ENERGY CORP. and SUBSIDIARIES

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
ITEM 1. Financial Statements.	
Condensed Consolidated Balance Sheets September 30, 2007 (unaudited) and December 31, 2006 (unaudited)	4-5
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2007 and 2006 (unaudited)	6
Condensed Consolidated Statements of Cash Flows for the Three and Nine Months Ended September 30, 2007 and 2006 (unaudited)	7-9
Notes to Condensed Consolidated Financial Statements (unaudited)	10-23
ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	24-35
ITEM 3. Quantitative and Qualitative Disclosures about Market Risk	36
ITEM 4. Controls and Procedures	36
PART II. OTHER INFORMATION	
ITEM 1. Legal Proceedings	37-38
ITEM 1A. Risk Factors	38-41
ITEM 2. Changes in Securities and Use of Proceeds	41-42
ITEM 3. Defaults Upon Senior Securities	42
ITEM 4. Submission of Matters to a Vote of Shareholders	42
ITEM 5. Other Information	42
ITEM 6. Exhibits and Reports on Form 8-K	42-43
Signatures	44

Certifications

See Exhibits

-3-

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

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

	September 30, 2007	December 31, 2006
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,821,600	\$ 16,973,500
Marketable securities		
Held to maturity - treasury bills	71,274,000	--
Trading securities	--	123,400
Available for sale securities	574,900	1,148,500
Accounts receivable		
Trade	68,000	156,500
Reimbursable project costs	781,500	188,400
Dissolution of subsidiaries	218,600	--
Note receivable	--	560,500
Assets held for sale	2,932,200	11,506,000
Deferred tax assets	253,500	14,321,600
Prepaid expenses and other current assets	175,400	166,500
Total current assets	83,099,700	45,144,900
PROPERTIES AND EQUIPMENT:		
	24,322,400	11,563,500
Less accumulated depreciation, depletion and amortization	(4,561,700)	(5,454,200)
Net properties and equipment	19,760,700	6,109,300
OTHER ASSETS:		
Deferred tax assets	457,700	610,200
Deposits and other	5,214,300	37,000
Total other assets	5,672,000	647,200
Total assets	\$ 108,532,400	\$ 51,901,400

The accompanying notes are an integral part of these condensed consolidated statements.

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

	September 30, 2007	December 31, 2006
CURRENT LIABILITIES:		
Accounts payable	\$ 3,367,200	\$ 1,115,000
Accrued compensation expense	761,800	1,190,200
Dividends payable	--	--
Income taxes payable	1,569,700	--
Current portion of long-term debt	78,600	937,200
Liabilities held for sale	--	7,375,800
Refundable deposits	--	800,000