

KESTREL ENERGY INC
Form 10QSB
May 16, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period 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: 0-9261

KESTREL ENERGY, INC.

(Exact name of small business issuer as specified in its charter)

Colorado

(State of other jurisdiction of incorporation or organization)

84-0772451

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

1726 Cole Blvd, Suite 210, Lakewood, CO

(Address of principal executive offices)

80401

(Zip Code)

(303) 295-0344

(Issuer's telephone number, including area code)

Check whether the issuer (1) 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 No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of common stock, as of March 31, 2005: 10,173,200

KESTREL ENERGY, INC.

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PART I. FINANCIAL INFORMATIONITEM 1. Financial Statements**KESTREL ENERGY, INC.****BALANCE SHEETS AS OF MARCH 31, 2005 AND JUNE 30, 2004**

<u>ASSETS</u>	-	<u>March</u>	-	<u>June 30, 2004</u>
<u>CURRENT ASSETS:</u>	-	<u>31, 2005</u>	-	-
	-	<u>(Unaudited)</u>	-	-
Cash and cash equivalents	\$	264,453	\$	162,507
Accounts receivable		434,117		366,278
Other assets		30,129		12,171
<u>Total current assets</u>		<u>728,699</u>		<u>540,956</u>
<u>PROPERTY AND EQUIPMENT, AT COST:</u>				
Oil and gas properties, successful efforts method of accounting:				
Unproved		260,355		260,355
Proved		11,171,210		11,081,664
Pipeline and facilities		807,851		807,851
Furniture and equipment		68,838		54,207
		<u>12,308,253</u>		<u>12,204,077</u>
Accumulated depreciation and depletion		<u>(9,882,630)</u>		<u>(9,754,427)</u>
<u>Net property and equipment</u>		<u>2,425,624</u>		<u>2,449,650</u>
	\$	<u>3,154,323</u>	\$	<u>2,990,606</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
<u>CURRENT LIABILITIES:</u>				
Note payable-related party	\$	50,000	\$	650,000
Accounts payable-trade		116,678		245,198
Accrued liabilities		94,675		85,582
<u>Total current liabilities</u>		<u>261,353</u>		<u>980,780</u>
<u>LONG-TERM LIABILITIES:</u>				
Note payable-related party	\$	200,000	\$	--
Note payable-other		400,000		--
Asset retirement obligation		182,484		177,126
<u>Total long-term liabilities</u>		<u>782,484</u>		<u>177,126</u>
<u>Total Liabilities</u>		<u>1,043,837</u>		<u>1,157,906</u>
<u>STOCKHOLDERS' EQUITY:</u>				
Preferred Stock, \$1 par value:				
1,000,000 shares authorized, none issued		--		--
Common Stock, no par value; 20,000,000 shares authorized,				
10,173,200 issued and outstanding at				
March 31, 2005 and 10,133,200 issued		20,585,865		20,562,085
and outstanding at June 30, 2004				
Accumulated (deficit)		<u>(18,475,379)</u>		<u>(18,729,385)</u>
<u>Total stockholders' equity</u>		<u>2,110,486</u>		<u>1,832,700</u>
	\$	<u>3,154,323</u>	\$	<u>2,990,606</u>

See accompanying notes to financial statements.

KESTREL ENERGY, INC.**STATEMENTS OF OPERATIONS FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH, 2005 and 2004**(Unaudited)

	<u>Three months ended March 31,</u>		<u>Nine months ended March 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUE:				
Oil and gas sales	\$ 533,910	\$ 343,183	\$ 1,525,874	\$ 1,082,630
COSTS AND EXPENSES:				
Lease operating expenses	228,713	158,370	655,542	528,776
Dry holes, abandoned and impaired properties	--	--	--	52,438
Exploration expenses	8,898	14,432	45,175	28,355
Depreciation and depletion	45,521	52,307	133,561	149,757
General and administrative	115,229	143,150	443,431	520,280
TOTAL COSTS AND EXPENSES	398,361			