SECURITIES & EXCHANGE COMMISSION EDGAR FILING

West Texas Resources, Inc.

Form: 10-Q

Date Filed: 2015-02-17

Corporate Issuer CIK: 1518985
Symbol: WTXR

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended December 31, 2014
OR

o **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: 333-178437

West Texas Resources, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**99-0365272**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification no.)

5729 Lebanon Road, Suite 144
Frisco, Texas 75034
(Address of principal executive offices, including zip code)

(214) 868-3939
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act):

Large accelerated filer ❑	Accelerated filer ❑
Non-accelerated filer ❑ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yeso No x

As of February 17, 2015, there were outstanding 14,415,400 shares of the common stock of West Texas Resources, Inc.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

West Texas Resources, Inc.

BALANCE SHEETS

	December 31, 2014 (Unaudited)	September 30, 2014
ASSETS		
Current Assets		
Cash	$ 45,942	$ 144,506
Accounts receivable	40,000	45,055
Total Current Assets	85,942	189,561
Oil and gas properties, net, using successful effort accounting	865,810	885,810
TOTAL ASSETS	$ 951,752	$ 1,075,371
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accrued expenses	$ 143,377	$ 159,255
Payroll liabilities	2,938	3,499
Investment payable	13,600	13,600
Asset retirement obligation	10,000	10,000
Shareholder advances	35,000	35,000
Interest payable	19,303	19,303
Notes payable - related parties, net of discount	180,989	183,384
Other payable	35,369	38,369
Total Current Liabilities	440,576	462,410
Commitments and Contingencies	–	–
Shareholders' Equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, $0.001 par value; 200,000,000 shares authorized; 14,415,400 and 14,415,400 shares issued and outstanding at December 31, 2014 and September 30, 2014, respectively	14,415	14,415
Additional paid-in capital	1,875,955	1,875,955
Accumulated deficit	(1,379,194)	(1,277,409)
Total Shareholders' Equity	511,176	612,961
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 951,752	$ 1,075,371

See accompanying notes to these financial statements

West Texas Resources, Inc.

UNAUDITED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31, 2014	For the Three Months Ended December 31, 2013
Revenues		
Oil and gas sales	$ 64,339	$ 101,559
General and administrative expenses	128,121	163,899
Operating Loss	(63,782)	(62,340)
Other income (expenses)		
Interest expense	(4,393)	(11,902)
Amortization of debt discount	(63,610)	(162,777)
Other income	30,000	–
Loss Before Income Taxes	(101,785)	(237,019)
Tax provision	–	–
Net Loss	$ (101,785)	$ (237,019)
Loss per share		
Basic and diluted weighted average number of common shares outstanding	14,415,400	14,079,400
Basic and diluted net loss per share	$ (0.01)	$ (0.02)

See accompanying notes to these financial statements

West Texas Resources, Inc.

UNAUDITED STATEMENTS OF CASH FLOWS

	For the Three Months Ended December 31,	
	2014	2013
Cash flows from operating activities		
Net loss	$ (101,785)	$ (237,019)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization and depletion	83,610	162,777
Changes in operating assets and liabilities:		
Accounts receivable	5,055	68,949
Payroll liabilities	(561)	(3,911)
Other payable - Bank of America	(3,000)	–
Interest payable	–	9,117
Accrued expenses	(15,878)	16,521
Net cash used in operating activities	(32,559)	16,434
Cash flows from investing activities		
Net cash provided by (used in) investing activities	–	–
Cash flows from financing activities		
Proceeds from sale of common stock	–	25,000
Repayment on note payable	(66,005)	(77,414)
Shareholder Advances	–	20,000
Net cash provided by financing activities	(66,005)	(32,414)
Net increase (decrease) in cash	(98,564)	(15,980)
Cash, beginning of period	144,506	16,631
Cash, end of period	$ 45,942	$ 651
Supplemental cash flow disclosure:		
Interest paid	$ 4,393	$ 2,785
Income taxes paid	$ –	$ –

See accompanying notes to these financial statements

1. Organization and Summary of Significant Accounting Policies

Organization and business

West Texas Resources, Inc. (the "Company") was incorporated under the laws of Nevada on December 9, 2010 under the name Texas Resources Energy, Inc., a Texas corporation. On June 30, 2011, the Company changed its name to West Texas Resources, Inc. (the "Company"). The Company intends to engage in the acquisition, exploration and development of oil and gas properties in North America. From its inception, the Company has devoted its activities to developing a business plan, raising capital and acquiring operating assets.

Basis of presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S.) for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and reflect all adjustments, consisting of normal recurring adjustments and other adjustments, which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company, for the respective periods presented. The results of operations for an interim period are not necessarily indicative of the results that may be expected for any other interim period or the year as a whole. The accompanying unaudited financial statements should be read in conjunction with the financial statements and notes for the year ended September 30, 2014.

Going concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) that contemplate continuation of the Company as a going concern. The Company has not earned any significant revenues since inception. During the quarter ended December 31, 2014 and 2013, the Company incurred a net loss of $101,785 and $237,019, respectively, In addition, the Company had an accumulative deficit of $1,379,194 and $1,277,409, as of December 31, 2014 and September 30, 2014, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company will require up to $1 million of additional capital in order to fund its proposed operations over the next 12 months. Management plans to continue to seek sources of financing on favorable terms; however, there are no assurances that any such financing can be obtained on favorable terms, if at all. Management expects to monitor and control the Company's operating costs until cash is available through financing or operating activities. There are no assurances that the Company will be successful in achieving these plans. The Company anticipates that losses will continue until such time, if ever, as the Company is able to generate sufficient revenues to support its operations.

Oil and gas properties

The Company uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income. On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Impairment of long-lived assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC 360-10-35, *Impairment or Disposal of Long-Lived Assets*. In accordance with ASC 360-10-35, long-lived assets are reviewed for events of changes in circumstances, which indicate that their carrying value may not be recoverable. During the quarter ended December 31, 2014, we did not identify any impairment on the Company's investments or assets.

Asset retirement obligations

ASC 410-20, *Asset Retirement Obligations*, clarifies that a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. ASC 410-20 requires a liability to be recognized for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

Except for the Eastland County investment, the asset retirement obligations for the other properties are recognized by the operators of these properties and deducted against the revenue interest of the Company.

Cash, cash equivalents, and other cash flow statement supplemental information

The Company considers all liquid investments with an original maturity of three months or less that are readily convertible into cash to be cash equivalents. The Company places its cash equivalents with high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company performs ongoing evaluations of these institutions to limit its concentration of risk exposure. Management believes this risk is not significant due to the financial strength of the financial institutions utilized by the Company.

Furniture, fixtures and equipment

Furniture, fixtures and equipment are carried at cost depreciated using the straight-line method over their estimated useful lives. Gain or loss on retirement or sale or other disposition of these assets is included in income in the period of disposition.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company reports certain expenses differently for financial and tax reporting purposes and, accordingly, provides for the related deferred taxes. Income taxes are accounted for under the liability method in accordance with ASC 740, *Income Taxes*.

Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State tax returns are more likely than not to be sustained upon examination. The Company is subject to examination by U.S. Federal and State tax authorities from 2011 to the present, generally for three years after they are filed.

The Company did not file its income tax returns for fiscal year 2012 and 2013. The Company believes that it should not have any material impact on the financials because the Company did not have any tax liabilities due to net loss incurred for these years.

Basic and diluted net income (loss) per share

Basic net income (loss) per share is based upon the weighted average number of common shares outstanding. Diluted net income (loss) per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. For quarter ended December 31, 2014 and 2013, all common stock equivalents were anti-dilutive.

Stock-based payments

Compensation costs for all share-based awards are measured based on the grant date fair value and are recognized over the vesting period. The Company has no awards with market or performance conditions. Excess tax benefits will be recognized as an addition to additional paid-in-capital.

Fair value of financial instruments

The accounting standards regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company considers the carrying amount of cash and other current assets and liabilities to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization.

The Company has also adopted ASC 820-10 which defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

As of December 31, 2014 and September 30, 2014, the Company did not identify any assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with ASC 820-10.

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Recent accounting pronouncements

The Company did not identify any recent accounting pronouncements with material impact on the Company's financial condition or results of operations.

2. Oil and Gas Properties

Port Hudson Field, Baton Rouge Parish, Louisiana

Effective April 1, 2013, the Company acquired a 7.24625% working interest in the oil and gas leases, wells and attendant production in the Port Hudson field, Baton Rouge Parish, Louisiana, for a total consideration of $702,900. The Company's working interest is subject to certain overriding royalty interests, subject to which it has a 5.65158% net revenue interest in the Port Hudson Field.

On April 5, 2014, we entered into an agreement with EnTek Partners, LLC for the sale of 44.1% of our working interest in the Port Hudson field for the total consideration of $290,000, less any payments received by us for production from the Port Hudson field occurring after January 1, 2014. Pursuant to our agreement with EnTek Partners, we sold to EnTek an undivided 3.1956% of 8/8th working interest (2.4926% net revenue interest) out of the working interests in the Port Hudson field owned by us. The transactions under the Entek Partners agreement closed on April 16, 2014, with an effective date of January 1, 2014. After giving effect to the sale, we continue to hold a 4.0506% working interest (3.1595% net revenue interest) in Port Hudson field. During the year ended September 30, 2014, the Company recorded a loss on sale of the working interest of $19,983.

Pursuant to the same agreement, EnTek Partners has also agreed to provide to the Company $275,000 in non-recourse financing to pay for its share of a dual recompletion in the D-1 well at West Cam 225 property in exchange for its agreement to provide EnTek Partners with 75% of the net profits derived by the Company from the West Cam 225 property until such time as EnTek Partners has recouped 100% of the recompletion costs advanced on the Company's behalf and 50% of the net profits thereafter.

During the year ended September 30, 2014, upon the sale of the 44.1% interest to EnTek, we recorded accrual of revenue interest payable to EnTek against the revenue we received for the period from effective date of the sale to June 30, 2014. As of September 30, 2014, the outstanding payable amount was $30,000. During the quarter ended December 31, 2014, we confirmed with EnTek that EnTek's revenue interest was fully paid so we reversed the overaccrual of $30,000 and recorded as other income.

West Cam 225, Louisiana

On August 16, 2013, the Company entered into an agreement with Enovation Resources, LLC to purchase a 10.0167% working interest (7.2120% net revenue interest) in an offshore oil and gas field, known as West Cam 225, located in the shallow waters of the Gulf of Mexico near Cameron, Louisiana. The Company's purchase price for the working interest is $50,000. In addition to the purchase price, the Company paid $230,459 as advance for costs for development.

Sunshine Prospect, Landry Parish, Louisiana

On August 1, 2014, the Company entered into an agreement with Restech Resources, LLC to purchase a 15% (14.25% net revenue interest) in an oil and gas prospect located in Landry Parish, Louisiana. The working interest concerns 248 gross acres and net acres in the Sunshine Prospect. Our purchase price for the working interest was $76,500.

Birnie Field,Motley County, Texas

On September 17, 2014, the Company entered into an agreement with Escopeta Oil and Gas Corporation to purchase a 10% working interest (7.5% net revenue interest) in a natural gas prospect located in the Birnie field in Motley County, Texas. The working interest concerns 5,760 leased acres in the Palo Duro Basin prospect. Our purchase price for the working interest was $70,000. In 2014, the operator drilled an initial well on the prospect, however the drilling was unsuccessful and resulted in a dry hole. The operator agreed to provide us, for no additional consideration, a 1% working interest in the Stansell field prospect described below.

Stansell Field, Floyd County, Texas

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. The working interest comprises 15,000 leased acres in the southern section of the Palo Duro basin. The initial project will be the re-entry of the Stansell #1-A well, an existing wellbore that was drilled in 2006. The original drilling encountered oil shows in three separate reservoirs and the operator intends to re-enter and recomplete the Stansell #1-A using current fracture stimulation technology. We have a carried 1% working interest in the Stansell #1-A well through the tanks. The operator plans to commence the re-entry of the Stansell #1-A well in December 2014.

Wolfcamp Field, Hale County, Texas

In June and July 2014, we acquired non-operating leases covering approximately 1,070 gross mineral acre leases in the Wolfcamp field located in Hale County, Texas. The leases were acquired for cash payments of $45,484. The leases have a primary term of five years with the Company option to extend the term for another five years. The leased properties constitute the surface acreage comprising a natural gas prospect, for which we hold 50% of the working interest and 40% net revenue interest. The leased properties are subject to a 20% royalty interest held by the owners and a third party. We are currently evaluating the Company options for the exploitation of the leased properties, including the Company sale of the leases or the Company farm-out of the leases to a natural gas operator.

As of December 31, 2014 and September 30, 2014, total oil and gas properties amounted to $865,810 and $885,810, net of accumulated depletion.

3. Notes Payable – Related Parties

On August 14, 2013, the Company entered into a loan agreement with a shareholder, Gary Bryant, pursuant to which Mr. Bryant loaned the Company $417,762, the proceeds of which were used to partially finance the acquisition of the Port Hudson interest described in Note 2 above. The loan bears interest on the unpaid principal amount at the rate of 8% per annum. All principal and interest are payable over a four year period, commencing November 1, 2013, at the amortized rate of $10,198 per month. The Company's obligations under the loan are secured by our working interest in the Port Hudson field.

On September 6, 2013, the Company entered into another loan agreement with Mr. Gary Bryant, pursuant to which Mr. Bryant loaned the Company $130,000, the proceeds of which were used to partially finance the Company's payment of its allocable expenses associated with its working interest in the West Cam 225 field, described in Note 2 above. The loan bears interest on the unpaid principal amount at the rate of 6% per annum. All principal and interest are payable on February 6, 2016 and are convertible into shares of the Company's common stock, at the option of the holder, at the rate of $0.50 per share. The Company's obligations under the loan are secured by its working interest in the Port Hudson field. The Company also entered into an amendment to its loan agreement with Mr. Bryant dated August 14, 2013, in the original principal amount of $417,762, to provide that all principal and interest under that loan agreement are convertible into shares of the Company's common stock, at the option of the holder, at the rate of $0.50 per share.

On September 6, 2013, the Company entered into a second loan agreement with a company controlled by one of the shareholders pursuant to which the lender loaned the Company $100,000. The proceeds of which were used to partially finance the Company's payment of its allocable expenses associated with its working interest in the West Cam 225 field, described in Note 2 above. The loan carried interest on the unpaid principal amount at the rate of 6% per annum. The Company's obligations under the loan were secured by the Company's working interest in the West Cam 225 field. In connection with the loan, the Company granted the lender a warrant to purchase 200,000 shares of the Company's common stock, at an exercise price of $0.50 per share, over a two year period expiring on September 5, 2015. This note was fully paid off in April 2014.

The Company determined that the fair value of the above conversion options and the warrants using the Black – Scholes model with the variables listed below:

- Volatility: 160%
- Risk free rate of return: 0.01% to 0.875%
- Expected term: 0.25 to 4 years

On September 16, 2014, the Company entered into a Note purchase agreement with Lake Oswego Oil Company, LLC, an Oregon limited liability company controlled by one of the shareholders, pursuant to which the Company sold a secured promissory note in the principal amount of $50,000, for a purchase price of $50,000. Interest accrues on the unpaid principal balance of the note at the rate of six percent per annum. This note was fully paid off in the quarter ended December 31, 2014. As an inducement to the note holder to enter into this agreement, the Company also granted the note holder a warrant to purchase 100,000 shares of the Company's common stock, and exercisable at $0.50 per share over a two year period expiring on September 16, 2019.

The Company determined that the fair value of the warrants using Black – Scholes model with the variable listed below:

- Volatility: 340%
- Risk free rate of return: 1.688%
- Expected term: 2 years

In connection with the issuance of the above notes, the Company recorded a note discount of $50,000 and $647,762 for the years ended September 30, 2014 and 2013, respectively, which are to be amortized over the lives of the notes. For the quarter ended December 31, 2014 and 2013, the Company recorded amortization of note discount of $63,610 and $162,777 as amortization of debt discount.

4. Shareholder Advances

During the year ended September 30, 2014 and 2013, a shareholder advanced a total amount of $20,000 and $21,000, respectively, as advances to the Company to support its daily operations. These advances are due on demand and do not bear any interest. In the fiscal year 2013, $41,000 of shareholder advances were converted into 82,000 shares of the Company's common stock. As of December 31, 2014 and September 30, 2014, the total outstanding amount due to the shareholder was $35,000 and $35,000, respectively.

5. Shareholders' Equity

The Company is authorized to issue 200,000,000 shares of common stock, par value of $0.001, and 10,000,000 shares of preferred stock, par value of $0.001.

During the year ended September 30, 2014, the Company entered into various subscription agreements with accredited investors to sell 336,000 shares of the Company's common stock at $0.50 per share. The total amount of $168,000 was received upon signing of the subscription agreements.
As of December 31, 2014 and September 30, 2014, the Company had 14,415,400 and 14,415,400 shares of common stock issued and outstanding and had not issued any of its preferred stock.

On September 15, 2011, the Company adopted the West Texas Resources, Inc. 2011 Stock Incentive Plan (the "Plan") providing for the grant of non-qualified stock options and incentive stock options to purchase its common stock and for grant of restricted and unrestricted grants. The Company has reserved 3,000,000 shares of its common stock under the Plan. All officers, directors, employees and consultants to the Company are eligible to participate under the Plan. The purpose of the Plan is to provide eligible participants with an opportunity to acquire an ownership interest in the Company.

In 2011, the Company granted options to certain consultants to purchase 400,000 shares of the Company's common stock. The options vest immediately and expire on September 15, 2016. The fair value of each share-based award was estimated using the Black-Scholes option pricing model or a lattice model. The fair value of these options, determined to be $65,402, was included in general and administrative expenses for the year ended September 30, 2011.

The following assumptions were used in the fair value method calculation:

- Volatility: 83%
- Risk free rate of return: 1%
- Expected term: 5 years

On March 7, 2014, the Company granted options to certain consultants to purchase 1,500,000 shares of the Company's common stock, of which 200,000 options vested upon the date of grant and the balance of 1,300,000 options expired in October 2014 in connection with the termination of the consulting arrangement. The 200,000 vested options expire on March 7, 2019. The fair value of the vested options for 200,000 shares, determined to be $116,137, was recorded in general and administrative expenses for the year ended September 30, 2014.

On March 11, 2014, the Company granted options to its officers to purchase a total of 200,000 shares of the Company's common stock. The options expire on March 11, 2019 and vest immediately. The fair value of these options, determined to be $116,119 and was included in general and administrative expenses for the year ended September 30, 2014.

The following assumptions were used in the fair value method calculation:

- Volatility: 190%
- Risk free rate of return: 1.5%
- Expected term: 5 years

The following information applies to all options outstanding at December 31, 2014:

- Weighted average exercise price: $0.53
- Options outstanding and exercisable: 800,000
- Average remaining life: 3.75 years

6. Subsequent Event

Events subsequent to December 31, 2014 have been evaluated through the date these financial statements were issued to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no other subsequent events that should be disclosed.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement

The following discussion and analysis should be read in conjunction with our unaudited financial statements and the related notes thereto contained elsewhere in this report. The information contained in this quarterly report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this report and in our other filings with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2014 filed with the SEC on January 14, 2015 and our subsequently filed periodic reports, which discuss our business in greater detail.

In this report we make, and from time to time we otherwise make, written and oral statements regarding our business and prospects, such as projections of future performance, statements of management's plans and objectives, forecasts of market trends, and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements containing the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimates," "projects," "believes," "expects," "anticipates," "intends," "target," "goal," "plans," "objective," "should" or similar expressions identify forward-looking statements, which may appear in documents, reports, filings with the SEC, news releases, written or oral presentations made by officers or other representatives made by us to analysts, stockholders, investors, news organizations and others, and discussions with management and other of our representatives.

Our future results, including results related to forward-looking statements, involve a number of risks and uncertainties, including those risks included in the section "Risk Factors" set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2014 filed with the SEC on January 14, 2015. No assurance can be given that the results reflected in any forward-looking statements will be achieved. Any forward-looking statement speaks only as of the date on which such statement is made. Our forward-looking statements are based upon assumptions that are sometimes based upon estimates, data, communications and other information from suppliers, government agencies and other sources that may be subject to revision. Except as required by law, we do not undertake any obligation to update or keep current either (i) any forward-looking statement to reflect events or circumstances arising after the date of such statement, or (ii) the important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or which are reflected from time to time in any forward-looking statement.

General

We were formed on December 9, 2010 under the laws of Nevada for the purpose of oil and gas exploration and development in North America. We commenced revenue producing oil and gas operations effective as of April 1, 2013.

Port Hudson Field

In August 2013, we acquired a 7.24625% working interest (5.65158% net revenue interest) in the oil and gas leases, wells and attendant production in the Port Hudson field, Baton Rouge Parish, Louisiana, from Wells Fargo Energy Capital, Inc. for total consideration of $702,900. Our acquisition of the Port Hudson working interest was effective as of April 1, 2013. Accordingly, we have received revenue from the Port Hudson working interest commencing on April 1, 2013.

On April 15, 2014, we entered into an agreement with EnTek Partners, LLC for the sale of 44.1% of our working interest in the Port Hudson field for the total consideration of $290,000, less any payments received by us for production from the Port Hudson field occurring after January 1, 2014. Pursuant to our agreement with EnTek Partners, we sold to EnTek an undivided 3.1956% of 8/8ths working interest (2.4926% net revenue interest) out of the working interests in the Port Hudson field owned by us. The transactions under the EnTek Partners agreement closed on April 16, 2014, with an effective date of January 1, 2014. After giving effect to the sale, we continue to hold a 4.0506% working interest (3.1595% net revenue interest) in the Port Hudson field.

The Port Hudson field has three producing wells that have produced a total of 1.29 million bbls as of December 31, 2014 with estimated total remaining recoverable proved developed producing reserves of 449,000 bbls (14,186 bbls net to West Texas Resources after giving effect to the transaction with EnTek Partners), and 26,000 bbls of proven developed behind pipe reserves (821 bbls net to West Texas Resources after giving effect to the transaction with EnTek Partners) and are currently producing approximately 260 bbls per day. The operator of the Port Hudson field has no current plans for the further development of the property.

West Cam 225 Field

In September 2013, we acquired a 10.0167% working interest (7.2120% net revenue interest) in an offshore oil and gas field, known as West Cam 225, located in the shallow waters of the Gulf of Mexico near Cameron, Louisiana, from Enovation Resources, LLC for total consideration of $50,000. Concurrent with our purchase of the working interest, we also paid the operator $230,459 as our allocable share of the expenses associated with the West Cam 225 property to build a new incremental flowline connecting the D-1 platform to the Stingray Pipeline System. Pursuant to our April 15, 2014 agreement with EnTek Partners, LLC, EnTek Partners has also agreed to provide to us $275,000 in non-recourse financing to pay for our share of a dual recompletion in the D-1 well at the West Cam 225 property in exchange for our agreement to provide EnTek Partners with 75% of the net profits derived by us from the West Cam 225 property until such time as EnTek Partners has recouped 100% of the recompletion costs advanced on our behalf and 50% of the net profits thereafter. The transactions under the EnTek Partners agreement closed on April 16, 2014, with an effective date of January 1, 2014.

As of December 31, 2014, the West Cam 225 field had proven reserves of 8,996 mmcf of gas or 1,499 thousand net equivalent bbls (108,131 boes net to West Texas Resources after giving effect to the transaction with EnTek Partners) and has two producing wells, the #7 and the D-1, that were previously shut-in and waiting on a sales pipeline connection. The pipeline was completed and tested in August 2013 and now the two wells are currently producing at a combined intermittent gross rate of 1.6 mmcfd. As of December 31, 2014, the D-1 well has overproduced its expected recoverable reserves in its original completion in the 6,800' sand and is currently producing at a high water cut. The operator presently intends to perform a recompletion on the D-1 well in the second quarter of 2015, at which time the D-1 well will be recompleted uphole into the 5,900' sand and the field is expected to produce at a combined gross rate of 5.5 mmcfd and thereby provide access to 7.93 bcf of gross proved behind pipe reserves.

Wolfcamp Field

In June and July 2014, we acquired non-operating leases covering approximately 1,070 gross mineral acre leases in the Wolfcamp field located in Hale County, Texas. The leases were acquired for cash payments of $45,484. The leases have a primary term of five years with our option to extend the term for another five years. The leased properties constitute the surface acreage comprising a natural gas prospect, for which we hold 50% of the working interest and 40% net revenue interest. The leased properties are subject to a 20% royalty interest held by the owners and a third party. We are currently evaluating our options for the exploitation of the leased properties, including our sale of the leases or our farm-out of the leases to a natural gas operator.

Sunshine Prospect

On August 1, 2014, we acquired from Restech Resources, LLC to purchase a 15% (14.25% net revenue interest) in a non-operating oil and gas prospect located in Landry Parish, Louisiana. The working interest concerns 248 gross acres and net acres in the Sunshine Prospect. Our purchase price for the working interest was $76,500. The operator presently intends to drill an initial well on the Sunshine prospect on 2015.

Stansell Field

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. The working interest comprises 15,000 leased acres in the southern section of the Palo Duro basin. The initial project will be the re-entry of the Stansell #1-A well, an existing wellbore that was drilled in 2006. The original drilling encountered oil shows in three separate reservoirs and the operator intends to re-enter and recomplete the Stansell #1-A using current fracture stimulation technology. We have a carried 1% working interest in the Stansell #1-A well through the tanks. The operator commence the re-entry of the Stansell #1-A well in January 2015.

Results of Operations

We commenced revenue producing oil and gas operations effective as of April 1, 2013. From April 1, 2013 to December 2013, all of our revenue was derived from our working interest in the Port Hudson field. Commencing in January 2014, we have derived revenue from our working interest in the West Cam 225 field. During the three month periods ended December 31, 2014 and 2013, we had $64,339 and $101,559 of revenue, respectively. The decrease in revenue was due to our sale of a portion of our working interest in the Port Hudson field in April 2014 along with the decline in price for oil and natural gas in the second half of the calendar year 2014, offset by our realization of $25,360 of revenue during the three month period ended December 31, 2014 from our working interest in the West Cam 225 field.

For the three month period ended December 31, 2014, we had general and administrative expenses of $128,121 compared to general and administrative expenses of $163,899 during the prior year period. The decrease in expenses is attributable to a decrease in consulting and professional fees.

For the three month period ended December 31, 2014, we had other expenses of $68,003compared to other expenses of $174,679 during the prior year period. The decrease in other expenses is primarily to a decrease in interest expense and amortized debt discount in the amount of $106,676 during the period ended December 31, 2014, compared to the prior year period, related to our borrowings conducted during the third and fourth fiscal quarters of 2013. For the three month period ended December 31, 2014, we had other income of $30,000 attributable to a reversal of an over accrued liability relating to our sale of a portion of our working interest in the Port Hudson field, compared to other income of nil during the prior year period. For the three month periods ended December 31, 2014 and 2013, we incurred a net loss of $101,785 and $237,019, respectively. The decrease in our net loss was the result of a decrease in expenses during the periods ended December 31, 2014 compared to the prior year periods.

Subject to our receipt of additional capital, our plan of operations over the next 12 months is to pursue the acquisition of additional equity interests in oil and gas properties to be thereafter exploited by us in conjunction with other oil and gas producers. As of the date of this report, we have no understandings or agreements in place concerning our acquisition of an interest in any other properties.

At the present time, we have two employees, our chief executive officer and chief financial officer, Stephen Jones and John Kerr, respectively, each of whom has limited experience in the oil and gas exploration and development business. Subject to our receipt of significant additional capital, we intend to hire senior management and staff with experience in oil and gas exploration. Until such time, we intend to pursue an operating strategy that is based on our participation in exploration prospects as a non-operator. Based on that strategy, our plan of operations over the next 12 months is to pursue the acquisition of oil and natural gas interests in partnership with other companies with exploration, development and production expertise. We will also pursue alliances with partners in the areas of geological and geophysical services and prospect generation, evaluation and prospect leasing. Pursuant to this strategy, we intend to engage and rely on third party geologists and geophysicists, among others, to review the available data concerning each potential acquisition. In each case, we expect that the operator of the prospect will assemble the appropriate data and conduct the appropriate studies and that our consultants will conduct an independent review of the operator's data and studies for purposes of advising us of the merits of each potential acquisition.

The business of oil and gas acquisition, drilling and development is capital intensive and the level of operations attainable by an oil and gas company is directly linked to and limited by the amount of available capital. Therefore, a principal part of our plan of operations is to acquire the additional capital required to finance the acquisition of such properties and our share of the development costs. As explained under “Financial Condition” below, we will seek additional working capital through the sale of our securities and, subject to the successful deployment of our cash on hand, we will endeavor to obtain additional capital through bank lines of credit and project financing.

Financial Condition

As of December 31, 2014, we had total assets of $951,752 and capital deficit of $354,634. Our ability to achieve commercial success is dependent on our ability to obtain additional capital either through the additional sale of our equity or debt securities, bank lines of credit, project financing or cash generated from oil and gas operations. We seek to obtain additional working capital through the sale of our securities and, subject to the successful deployment of our cash on hand, we will endeavor to obtain additional capital through bank lines of credit and project financing. However, we have no agreements or understandings with any third parties at this time for our receipt of additional working capital and we have a limited history of generating cash from oil and gas operations. We may not be able to obtain access to capital as and when needed and, if so, the terms of any available financing may not be subject to commercially reasonable terms.

The report of our independent registered public accounting firm for the fiscal year ended September 30, 2014 states that due to our losses from operations and lack of working capital there is substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Not applicable.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*.

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 15d-15 of the Securities Exchange Act of 1934. Based on this evaluation, our management, including our chief executive officer and chief financial officer, concluded that as of December 31, 2014 our disclosure controls and procedures were not effective due to existing material weaknesses in our internal control over financial reporting, as described below.

In connection with our evaluation of our internal control over financial reporting as of December 31, 2014, and included in our annual report on Form 10-K filed with the SEC on January 14, 2015, we determined that there were control deficiencies that constituted material weaknesses which are indicative of many small companies with small staff, including:

- Due to our small size, we do not maintain effective internal controls to assure segregation of duties as we have only two employees who are responsible for initiating and approving of transactions, thereby creating the segregation of duties weakness;
- Our board of directors does not have an audit committee or a financial expert to maintain effective oversight of our financial reporting process; and
- Lack of formal policies or procedures to provide assurance that relevant information is identified, captured, processed, and reported in an appropriate and timely fashion.

(b) *Changes in Internal Control Over Financial Reporting.*

There were no changes in our internal control over financial reporting that occurred during the three-month period ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description	Method of Filing
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
31.2	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).	Filed electronically herewith
99.1	Temporary Hardship Exemption	
101.INS*	XBRL Instance Document	Filed electronically herewith
101.SCH*	XBRL Taxonomy Extension Schema Document	Filed electronically herewith
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	Filed electronically herewith
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	Filed electronically herewith
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	Filed electronically herewith
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	Filed electronically herewith

* To be furnished by amendment per Temporary Hardship Exemption under Regulation S-T.

.

SIGNATURES

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

WEST TEXAS RESOURCES, INC.

Date:	February 17, 2015	By:	*/s/ Stephen E. Jones*
			Stephen E. Jones, President and Chief Executive Officer
Date:	February 17, 2015	By:	*/s/ John D. Kerr*
			John D. Kerr, Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Section 302 Certification

I, Stephen E. Jones, certify that:

1) I have reviewed this quarterly report on Form 10-Q of West Texas Resources, Inc.;

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 report;

3) Based on my knowledge, the financial statements and other financial information included in this 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 report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fiscal quarter presented in this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

By: /s/ Stephen E. Jones
Stephen E. Jones, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Section 302 Certification

I, John D. Kerr, certify that:

1) I have reviewed this quarterly report on Form 10-Q of West Texas Resources, Inc.;

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 report;

3) Based on my knowledge, the financial statements and other financial information included in this 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 report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fiscal quarter presented in this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

By: /s/ John D. Kerr
John D. Kerr, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of West Texas Resources, Inc. (the "Company") on Form 10-Q for the quarterly period ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Stephen E. Jones, President and Chief Executive Officer of the Company, and John D. Kerr, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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 result of operations of the Company.

By:	/s/ Stephen E. Jones	Dated: February 17, 2015
	Stephen E. Jones	
Title:	President and Chief Executive Officer	

By:	/s/ John D. Kerr	Dated: February 17, 2015
	John D. Kerr	
Title:	Chief Financial Officer	

This certification is made solely for the purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

Exhibit 99.1

Temporary Hardship Exemption

IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE INTERACTIVE DATA FILE IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS.