

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

GULFWEST ENERGY INC  
Form 10-Q  
August 13, 2004

FORM 10-Q

UNITED STATES

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 June 30, 2004

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 1-12108

GULFWEST ENERGY INC.

(Exact name of Registrant as specified in its charter)

Texas  
(State or other jurisdiction  
of incorporation)

87-0444770  
(IRS Employer  
Identification No.)

480 North Sam Houston Parkway East  
Suite 300  
Houston, Texas  
(Address of principal executive offices)

77060  
(zip code)

(281) 820-1919  
(Registrant's telephone number, including area code)

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  
--- ---

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, August 12, 2004, was 18,492,541 shares of Class A Common Stock, \$.001 par value.

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

GULFWEST ENERGY INC.

FORM 10-Q FOR THE QUARTER ENDED  
JUNE 30, 2004

Page of  
Form 10-Q  
-----

Part I:	Financial Statements	
Item 1.	Financial Statements	
	Consolidated Balance Sheets, June 30, 2004 and December 31, 2003	3
	Consolidated Statements of Operations-for the three months and six months ended June 30, 2004, and 2003	5
	Consolidated Statements of Cash Flows-for the six months ended June 30, 2004, and 2003	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	12
Item 4.	Controls and Procedures	13
Part II:	Other Information	
Item 4.	Submission of Matters to a Vote of Security Holders	13
Item 6.	Exhibits and Reports on 8-K	13
Signatures		14

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.  
-----

GULFWEST ENERGY INC.  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2004 AND DECEMBER 31, 2003

ASSETS

Jun  
2  
(Una  
-----

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

CURRENT ASSETS:

Cash and cash equivalents	
Accounts Receivable - trade, net of allowance for doubtful accounts of -0- in 2004 and 2003	1
Prepaid expenses	

Total current assets	2
----------------------	---

OIL AND GAS PROPERTIES,

Using the successful efforts method of accounting	58
---	----

OTHER PROPERTY AND EQUIPMENT

Less accumulated depreciation, depletion and amortization	(10)
--	------

Net oil and gas properties, and other property and equipment	50
---	----

OTHER ASSETS

Deposits	
Debt issue cost, net	2

Total other assets	2
--------------------	---

TOTAL ASSETS

\$55

GULFWEST ENERGY INC.  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2004 AND DECEMBER 31, 2003  
LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Notes payable	\$ 4,
Notes payable - related parties	2,
Current portion of long-term debt	
Current portion of long-term debt - related parties	
Accounts payable - trade	3,
Accrued expenses	

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

Total current liabilities	11,
NONCURRENT LIABILITIES	
Long-term debt, net of current portion	21,
Asset retirement obligations	1,
Total noncurrent liabilities	22,
OTHER LIABILITIES	
Derivative instruments	1,
Total Liabilities	35,
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY	
Preferred stock	
Common stock	
Additional paid-in capital	34,
Retained deficit	(14,
Total stockholders' equity	19,
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$55,

The Notes to Consolidated Financial Statements are an integral part of these statements.

4

GULFWEST ENERGY INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS AND SIX MONTHS ENDED  
JUNE 30, 2004 AND 2003  
(UNAUDITED)

	Three Months Ended June 30,	
	2004	2003
	-----	-----
OPERATING REVENUES		
Oil and gas sales	\$2,494,347	\$2,770,156
Operating overhead and other income	40,919	19,968
Total operating revenues	2,535,266	2,790,124

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

OPERATING EXPENSES		
Lease operating expenses	1,284,972	1,392,440
Depreciation, depletion and amortization	437,043	570,665
Accretion expense	20,358	
General and administrative	472,441	420,443
	-----	-----
Total operating expenses	2,214,814	2,383,548
	-----	-----
INCOME FROM OPERATIONS	320,452	406,576
	-----	-----
OTHER INCOME AND EXPENSE		
Interest expense	(1,014,609)	(811,770)
Other financing costs	(369,270)	(1,000,000)
Loss on sale of assets	(226,809)	
Unrealized gain (loss) on derivative instruments	(846,782)	173,311
Abandoned property	(326,512)	
Forgiveness of debt	11,884,145	
	-----	-----
Total other income and expense	9,100,163	(1,638,459)
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	9,420,615	(1,231,883)
INCOME TAXES		
	-----	-----
NET INCOME (LOSS)	9,420,615	(1,231,883)
DIVIDENDS ON PREFERRED STOCK (Paid 2004 - 0 ; 2003 - 0)	97,334	
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$9,323,281	\$ (1,231,883)
	=====	=====
NET INCOME (LOSS) PER COMMON SHARE, BASIC	\$ .50	\$ (.07)
	=====	=====
DILUTED	\$ .29	\$ (.07)
	=====	=====

The Notes to Consolidated Financial Statements are an integral part of these statements.

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

### CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss) \$  
Adjustments to reconcile net income (loss) to net cash  
provided by (used in) operating activities:  
    Depreciation, depletion, and amortization  
    Accretion expense  
    Discount on note payable  
    Common stock warrants issued and charged to earnings  
    Other financing costs  
    Notes payable issued and charged to earnings  
    Loss on sale of assets  
    Abandoned property  
    Unrealized (gain) loss on derivative instruments  
    Forgiveness of debt (1  
    (Increase) decrease in accounts receivable - trade, net  
    (Increase) decrease in prepaid expenses  
    Increase (decrease) in accounts payable and accrued expenses (=  
    Net cash provided by (used in) operating activities (=

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment  
    Net cash used in investing activities

### CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds on sale of preferred stock, net (1  
Payments on debt 1  
Proceeds from debt issuance (=  
Debt issue cost  
    Net cash provided by (used) in financing activities

### INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, beginning of period

CASH AND CASH EQUIVALENTS, end of period

### CASH PAID FOR INTEREST

The Notes to Consolidated Financial Statements are an integral part of these statements.

1. During interim periods, we follow the accounting policies set forth in our Annual Report on Form 10-K filed with the Securities and Exchange

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

Commission. Users of financial information produced for interim periods are encouraged to refer to the footnotes contained in the Annual Report when reviewing interim financial results.

2. The accompanying financial statements include the Company and its wholly-owned subsidiaries: RigWest Well Service, Inc. formed September 5, 1996; GulfWest Texas Company formed September 23, 1996; DutchWest Oil Company formed July 28, 1997; Southeast Texas Oil and Gas Company, L.L.C. acquired September 1, 1998; SETEX Oil and Gas Company formed August 11, 1998; GulfWest Oil and Gas Company formed February 8, 1999; LTW Pipeline Co. formed April 19, 1999; and GulfWest Development Company ("GWD") formed November 9, 2000; and, GulfWest Oil and Gas Company (Louisiana) LLC formed July 31, 2001. All material intercompany transactions and balances are eliminated upon consolidation.
3. In management's opinion, the accompanying interim financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, the results of operations, and the statements of cash flows of GulfWest Energy Inc. for the interim periods.
4. Non-cash Investing and Financing

During the six month period ended June 30, 2004 we issued a note payable for \$600,000 in exchange for an account payable for \$538,954 and \$61,046 of interest expense was recorded. Also, as a result of refinancing debt we issued common stock warrants valued at \$916,029 which were recorded as a note discount, issued \$500,000 of preferred stock of a wholly owned subsidiary as a commission to a financial advisor, recorded a \$360,000 payable for a loan termination fee and had \$11,884,145 in debt forgiven by the prior lender.

During the six month period ended June 30, 2003, we applied \$17,300 in deposits and added \$176,324 in accrued interest to notes payable. Also during the quarter, \$1,000,000 in preferred stock was issued to an energy lender as required by an agreement that expired on May 29, 2003.

5. As a result of financing agreements with energy lenders, we were required to enter into oil and gas hedging agreements. It has been determined these agreements meet the definition of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" and are accounted for as derivative instruments.

We entered into an agreement, commencing in May 2000, to hedge a portion of our oil and gas sales for the period of May 2000 through April 2004. The agreement calls for initial volumes of 7,900 barrels of oil and 52,400 Mcf of gas per month, declining monthly thereafter. We entered into an additional agreement with the energy lender, commencing September 2001, to hedge an additional portion of our oil and gas sales for the periods of September 2001 through July 2004 and September 2001 through December 2003, respectively. The agreement calls for the initial volumes of 15,000 barrels of oil and 50,000 Mmbtu of gas per month, declining monthly thereafter. These agreements were terminated in April 2004 with the refinancing of the related debt. We entered into a second agreement, as a result of refinancing the debt, commencing May 2004, to hedge a portion of our oil and gas sales for the period of May 2004 through October 2005. The agreement calls for 10,000 barrels of oil and 60,000 Mmbtu of gas per month. As a result of these agreements, we realized a decrease in revenues of \$702,648 for the six month period ended June 30, 2004 and a decrease in revenues of \$884,045 for the six month period ended June 30, 2003,

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

which is included in oil and gas sales.

The estimated change in fair value of the derivatives is reported in Other Income and Expense as unrealized (gain) loss on derivative instruments. The estimated fair value of the derivatives is reported in Other Assets (or Other Liabilities) as derivative instruments.

7

### 6. Stock Based Compensation

In October 1995, SFAS No. 123, "Stock Based Compensation," (SFAS 123) was issued. This statement requires that we choose between two different methods of accounting for stock options and warrants. The statement defines a fair-value-based method of accounting for stock options and warrants but allows an entity to continue to measure compensation cost for stock options and warrants using the accounting prescribed by APB Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." Use of the APB 25 accounting method results in no compensation cost being recognized if options are granted at an exercise price at the current market value of the stock or higher. We will continue to use the intrinsic value method under APB 25 but are required by SFAS 123 to make pro forma disclosures of net income (loss) and earnings (loss) per share as if the fair value method had been applied in its 2004 and 2003 financial statements.

If we had used the fair value method required by SFAS 123, our net loss and per share information would approximate the following amounts:

Three months -----	2004 -----		
	As Reported	Proforma	A
SFAS 123 compensation cost	\$	\$ 5,250	\$
APB 25 compensation cost	\$	\$	\$
Net income (loss)	\$9,323,281	\$9,318,031	\$ (
Income (loss) per common share			
Basic	\$ .50	\$ .50	\$
Diluted	\$ .29	\$ .29	\$
 Six months -----	 2004 -----		
	As Reported	Proforma	A
SFAS 123 compensation cost	\$	\$ 5,250	\$
APB 25 compensation cost	\$	\$	\$
Net income (loss)	\$9,020,278	\$9,015,028	\$
Income (loss) per common share			
Basic	\$ .49	\$ .49	\$
Diluted	\$ .34	\$ .34	\$

7. As shown in the financial statements, we had a working capital deficiency of \$9,318,949 at June 30, 2004 and \$ 42,876,963 for the year ended December 31, 2003. This and other conditions raise substantial doubt about our ability to continue as a going concern.

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

Overview  
-----

We are engaged primarily in the acquisition, development, exploitation, exploration and production of crude oil and natural gas. Our focus is on increasing production from our existing crude oil and natural gas properties through the further exploitation, development and optimization of those properties, and on acquiring additional crude oil and natural gas properties. Our gross revenues are derived from the following sources:

1. Oil and gas sales that are proceeds from the sale of crude oil and natural gas production to midstream purchasers;
2. Operating overhead and other income that consists of earnings from operating crude oil and natural gas properties for other working interest owners, and marketing and transporting natural gas. This also includes earnings from other miscellaneous activities.

Results of Operations  
-----

The factors which most significantly affect our results of operations are (1) the sales price of crude oil and natural gas, (2) the level of total sales volumes of crude oil and natural gas, (3) the level of and interest rates on borrowings and, (4) the level and success of new acquisitions and development of existing properties.

Comparative results of operations for the periods indicated are discussed below.

Three-Month Period Ended June 30, 2004 compared to Three Month Period Ended June 30, 2003.

Revenues

Oil and Gas Sales. Revenues from the sale of crude oil and natural gas for the quarter decreased 10% from \$2,770,200 in 2003 to \$ 2,494,300 in 2004. This was due to a decrease in sales volumes, partially offset by an increase in oil and gas prices.

Operating Overhead and Other Income. Revenues from these activities increased 105% from \$20,000 in 2003 to \$ 40,900 in 2004. This was due to fluctuation in prices of natural gas in our imbalance accounts.

Costs and Expenses

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

Lease Operating Expenses. Lease operating expenses decreased 8% from \$1,392,400 in 2003 to \$1,285,000 in 2004, due to decreased field activities.

Depreciation, Depletion and Amortization (DD and A). DD and A decreased 23% from \$570,700 in 2003 to \$437,000 in 2004. This was due to a decrease in sales volumes.

General and Administrative (G and A) Expenses. G and A expenses increased 12% for the period from \$420,400 in 2003 to \$ 472,400 in 2004. This was mainly due to increased expenses related to our refinancing activities.

10

Interest Expense. Interest expense increased 25% from \$811,800 in 2003 to \$1,014,600 in 2004, primarily due to increased interest rates resulting from the refinancing of the major component of our debt even though the amount of our debt decreased.

Six-Month Period Ended June 30, 2004 compared to Six-Month Period Ended June 30, 2003.

### Revenues

Oil and Gas Sales. Revenues from the sale of crude oil and natural gas for the period decreased 16% from \$5,975,000 in 2003 to \$4,995,000 in 2004. This was due to a decrease in sales volumes, partially offset by an increase in oil and gas prices.

Operating Overhead and Other Income. Revenues from these activities increased 20% from \$65,700 in 2003 to \$79,000 in 2004. This was due to fluctuation in prices of natural gas in our imbalance accounts.

### Costs and Expenses

Lease Operating Expenses. Lease operating expenses decreased 6% from \$2,762,400 in 2003 to \$2,599,300 in 2004, due to decreased field activity.

Depreciation, Depletion and Amortization (DD and A). DD and A decreased 25% from \$1,174,600 in 2003 to \$876,200 in 2004. This was due to a decrease in sales volumes.

General and Administrative (G and A) Expenses. G and A expenses increased 5% for the period from \$834,500 in 2003 to \$873,600 in 2004. This was mainly due to increased expenses related to our refinancing activities.

Interest Expense. Interest expense increased 23% from \$1,572,600 in 2003 to \$1,934,800 in 2004. This was due to increased interest rates resulting from the refinancing of the major component of our debt, even though the amount of the debt decreased, and penalty interest changed by the previous lender.

### Financial Condition and Capital Resources

-----

At June 30, 2004, our current liabilities exceeded our current assets by \$9,318,949. We had a net income available to common shareholders of \$9,323,281 for the quarter compared to a loss of \$1,231,883 for the period in 2003.

During the second quarter of 2004, we sold 41,613 barrels of crude oil and

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

230,247 Mcf of natural gas compared to 59,414 barrels of crude oil and 307,238 Mcf of natural gas in the second quarter of 2003. Revenue for crude oil sales for the quarter was \$1,265,285 in 2004 compared to \$1,397,770 in 2003 and for natural gas sales was \$1,229,062 in 2004 compared to \$1,372,386 in 2003.

On April 27, 2004, in our wholly-owned subsidiary, GulfWest Oil and Gas Company, we completed an \$18,000,000 financing package with a new energy lender. We used \$15,700,000 to retire existing debt of \$27,584,145, resulting in forgiveness of debt of \$11,884,145. This taxable gain will be completely offset by available net operating loss carryforwards. The term of the note is eighteen months and it bears interest at the prime rate plus 11%. This rate increases by .75% per month beginning in month ten. We paid the new lender \$1,180,000 in cash fees and also issued the new lender warrants to purchase 2,035,621 shares of our common stock at an exercise price of \$.01 per share, expiring in five years. The warrants are subject to demand registration and anti-dilution provisions.

11

Simultaneously, our wholly-owned subsidiary, GulfWest Oil & Gas Company, completed the initial phase of a private offering of its Series A Preferred Stock for \$4,000,000. The Series A Preferred Stock is exchangeable for our Common Stock based on a liquidation value of \$500 per share of Series A Preferred Stock divided by \$.35 per share of our Common Stock. As part of a fee and commission, we issued \$500,000 of the Series A Preferred Stock to a financial advisor. One of our directors acquired \$1,500,000 of the Series A Preferred Stock.

Of the \$21,500,000 total cash raised, we used \$15,700,000 to pay existing debt and \$1,580,000 to pay fees and commissions, leaving \$4,220,000 available for capital expenditures and working capital.

As of August 11, 2004 we have incurred \$2,613,687 in loan fees. This includes lender fees of \$1,180,000, financial advisor fees of \$1,150,000, which includes the \$500,000 of Series A Preferred Stock, and \$283,687 for other professional fees. These costs are being amortized over the term of the loan and are included in other financing costs.

In addition we issued the lender warrants valued at \$916,029. The value of the warrants is recorded as a note discount and is being expensed over the term of the loan and included in interest expense. Also, the lender charges a quarterly administrative fee of \$25,000 and is due a \$360,000 fee upon termination of the loan. The termination fee is being amortized over the term of the loan. These additional costs are included in other financing costs.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

---

The following market rate disclosures should be read in conjunction with the quantitative disclosures about market risk contained in the Company's 2003 annual report on Form 10-K, as well as with the consolidated financial statements and notes thereto included in this quarterly report on Form 10-Q.

All of our financial instruments are for purposes other than trading. We only enter derivative financial instruments in conjunction with its oil and gas hedging activities.

Hypothetical changes in interest rates and prices chosen for the following stimulated sensitivity effects are considered to be reasonably possible

## Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

near-term changes generally based on consideration of past fluctuations for each risk category. It is not possible to accurately predict future changes in interest rates and product prices. Accordingly, these hypothetical changes may not be an indicator of probable future fluctuations.

### Interest Rate Risk

We are exposed to interest rate risk on debt with variable interest rates. At June 30, 2004, we carried variable rate debt of \$28,375,455. Assuming a one percentage point change at June 30, 2004 on our Company's variable rate debt, the annual pretax income would change by \$283,755.

### Commodity Price Risk

We hedge a portion of its price risks associated with its oil and natural gas sales which are classified as derivative instruments. As of June 30, 2004, these derivative instruments' liabilities had a fair value of \$1,150,402. A hypothetical change in oil and gas prices could have an effect on oil and gas futures prices, which are used to estimate the fair value of our derivative instrument. However, it is not practicable to estimate the resultant change, in any, in the fair value of our derivative instrument.

12

## ITEM 4. CONTROLS AND PROCEDURES

-----

As of September 30, 2003, an evaluation was performed under the supervision and with the participation of our management, including the CEO and Vice President of Finance, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the CEO and Vice President of Finance, concluded that our disclosure controls and procedures were effective as of June 30, 2004. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to June 30, 2004.

## PART II. OTHER INFORMATION

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

-----

No matter was submitted to a vote of our security holders during the second quarter.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

-----

(a) Exhibits -

Number	Description
-----	-----
*3.1	Articles of Incorporation of the Registrant and Amendments thereto.
**3.2	Amendment to the Articles of Incorporation of the Registrant changing the name of the Registrant to "GulfWest Energy Inc.", approved by the Shareholders on May 18,

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

2001 and filed with the Secretary of Texas on May 21, 2001.

\*\*\*3.3 Amendment to the Company's Articles of Incorporation to increase the number of shares of Class A Common Stock that the Company will have authority to issue from 20,000,000 to 40,000,000 shares, approved by the Shareholders on November 19, 1999 and filed with the Secretary of State of Texas on December 3, 1999.

\*3.4 Bylaws of the Registrant.

\*\*10.1 GulfWest Oil Company 1994 Stock Option and Compensation Plan, amended and restated as of April 1, 2001, and approved by the shareholders on May 18, 2001.

31.1 Certification of Chief Executive Officer pursuant to Exchange rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; filed herewith.

31.2 Certification of Chief Financial Officer pursuant to Exchange rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; filed herewith.

32 Certification pursuant to 18. U.S.C Section 1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002; filed herewith.

---

\* Previously filed with the Registrant's Registration Statement (on Form S-1, Reg. No. 33-53526), filed with the Commission on October 21, 1992.

\*\* Previously filed with the Registrant's Definitive Proxy Statement, filed with the Commission on April 16, 2001.

\*\*\* Previously filed with the Registrant's Definitive Proxy Statement, filed with the Commission on October 18, 1999.

13

(b) Reports on Form 8-K-

On May 10, 2004 we filed a report on form 8-K announcing the closing on April 29, 2004 of a \$22 million financial transaction, which included \$18 million of debt with Petrobridge Investment Management LLC ("Petrobridge") and the completion of an initial \$4 million of equity from a private offering of cumulative exchangeable preferred stock of our wholly-owned subsidiary, GulfWest Oil and Gas Company ("GWOG") designated Series A ("The "Series A")

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Edgar Filing: GULFWEST ENERGY INC - Form 10-Q

GULFWEST ENERGY INC.  
(Registrant)

Date: August 13, 2004

By: /s/ John E. Loehr  
-----  
John E. Loehr  
Chief Executive Officer

Date: August 13, 2004

By: /s/ Jim C. Bigham  
-----  
Jim C. Bigham  
Executive Vice President and Secretary

Date: August 13, 2004

By: /s/ Richard L. Creel  
-----  
Richard L. Creel  
Vice President of Finance