

TRI VALLEY CORP  
Form 10-Q/A  
March 30, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q/A  
AMENDMENT NO. 1 TO  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

Commission File No. 0-6119

**Tri-Valley Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**84-0617433**

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

**5555 Business Park South, Suite 200, Bakersfield, California 93309**

(Address of principal executive offices)

**(661) 864-0500**

(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  No

The number of shares of Registrant's common stock outstanding at March 31, 2004 was 20,100,627.

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TRI-VALLEY CORPORATION

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**PART I -****FINANCIAL INFORMATION****Item 1.****Unaudited Consolidated Financial Statements****TRI-VALLEY CORPORATION  
CONSOLIDATED BALANCE SHEETS****ASSETS**

	March 31, 2004 (Restated) (Unaudited)	Dec. 31, 2003 (Restated) (Audited)
Current Assets		
Cash	\$6,748,258	\$6,006,975
Accounts receivable, trade	126,570	163,825
Prepaid expenses	68,029	12,029
Total Current Assets	6,942,857	6,182,829
Property and Equipment, Net	1,523,127	1,543,121
Other Assets		
Deposits	372,105	372,105
Investments in partnerships	17,400	17,400
Other	13,913	13,913
Goodwill (net of accumulated amortization of \$221,439 at December 31, 2003)	212,414	212,414
Total Other Assets	615,832	615,832
Total Assets	\$ 9,081,816	\$8,341,782

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

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

	March 31, 2004 (Restated) (Unaudited)	Dec. 31, 2003 (Restated) (Audited)
<b>CURRENT LIABILITIES</b>		
Notes and contracts payable	\$2,425	\$9,985
Income taxes payable	-	39,000
Trade accounts payable & accrued expenses	917,070	685,784
Accounts payable to joint venture participants	60,939	91,275
Advances from joint venture participants	5,980,887	5,647,150
<b>Total Current Liabilities</b>	<b>6,961,321</b>	<b>6,473,194</b>
Long-term Portion of Notes and Contracts Payable	11,954	16,805
<b>Total Liabilities</b>	<b>6,973,275</b>	<b>6,489,999</b>
<b>Commitments</b>		
<b>Shareholders' Equity</b>		
Common stock, \$.001 par value: 100,000,000 shares authorized; 20,100,627 and 20,097,627 issued and outstanding at March 30, 2004 and Dec. 31, 2003, respectively	20,100	20,115
Less: Common stock in treasury, at cost, 100,025 shares	(13,370)	(13,370)
Capital in excess of par value	9,011,968	9,010,453
Accumulated deficit	(6,910,157)	(7,165,415)
<b>Total Shareholders' Equity</b>	<b>2,108,541</b>	<b>1,851,783</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 9,081,816</b>	<b>\$8,341,782</b>

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

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**TRI-VALLEY CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended March 30	
	2004	2003
	(restated)	
Revenues		
Sale of oil and gas	\$227,419	\$266,647
Other income	13,493	6,613
Sale of oil & gas prospects	1,145,000	-0-
Interest income	369	3,520
Total Revenues	1,386,281	276,780
Cost and Expenses		
Oil and gas lease expense	18,070	56,325
Mining exploration expenses	38,621	30,307
Project geology, geophysics, land & administration	440,219	289,019
Depletion, depreciation and amortization	7,233	7,233
Interest	26,292	713
General administrative	600,588	314,590
Total Cost and Expenses	1,131,023	698,187
Net Income (Loss)	\$255,258	\$(421,407)
Basic & Diluted Earnings per Share	\$ .01	\$(.02)
Weighted Average Number of Shares	20,099,627	19,731,348

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

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**TRI-VALLEY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Three Months Ended March 31,	
	2004	2003
	(restated)	(unaudited)
	(unaudited)	
<b>Cash Flows from Operating Activities</b>		
Net profit/(loss)	\$255,258	\$(421,407)
Adjustments to reconcile net income to net cash used from operating activities:		
Depreciation, depletion and amortization	7,233	7,233
Non-cash mining exploration expense		
Changes in operating capital:		
Prepays-(increase)decrease	(56,000)	-0-
Accounts receivable-(increase)decrease	37,255	(210,691)
Trade accounts payable-increase(decrease)	192,286	(347,477)
Accounts payable to joint venture participants and related parties-increase(decrease)	(30,336)	147,653
Advances from joint venture Participants-increase(decrease)	333,737	481,791
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>739,433</b>	<b>(342,898)</b>
<b>Cash Flows Provided/(Used) by Investing Activities</b>		
Capital expenditures	12,761	(94,649)
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(12,411)	(16,027)
Proceeds from issuance of common stock	1,500	25,650
<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>(10,911)</b>	<b>9,623</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>741,283</b>	<b>(427,924)</b>
Cash and Cash Equivalents at Beginning of Period	6,006,975	1,936,294
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$6,748,258</b>	<b>\$1,508,370</b>
<b>Supplemental Information:</b>		
Cash paid for interest	\$26,292	\$ 713
Cash paid for taxes	\$4,925	\$5,446

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

**TRI-VALLEY CORPORATION**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**March 31, 2004 AND 2003**  
(Unaudited)

**NOTE 1 - BASIS OF PRESENTATION**

Business and Restatement

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair statement of results for the interim periods. The results of operations for the three-month period ended March 31, 2004, are not necessarily indicative of the results to be expected for the full year.

The accompanying consolidated financial statements do not include footnotes and certain financial presentations normally required under generally accepted accounting principles; and, therefore, should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

**NOTE 2 - RESTATEMENTS OF PRIOR FINANCIAL INFORMATION**

Amendment No. 1 on Form 10-Q/A of the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2004 includes unaudited restated financial information for the three months ended March 31, 2004 and 2003. The original Form 10-Q was filed with the Securities and Exchange Commission on May 14, 2004. The purpose of the Amendment is to restate the Company's previously reported financial information for the three months ended March 31, 2004 due to change in revenue recognition polity relating to turnkey drilling revenue.

The Company receives monies from third parties who participate in drilling oil and gas wells and had previously recognized revenue and associated costs when the drilling began, as long as drilling was completed by close of books based on accrual accounting, due to the fact that the monies received was nonrefundable. The Company changed its accounting policy in December 2003 to recognize turnkey revenue and associated costs when oil or gas well is drilled to a target depth and/or logged. As the result of this change, drilling revenue and related costs decreased in the fourth quarter of 2003, and increased in the first quarter of 2004. The Company restated its 2003 financial statements.

The restatement did not affect the cash flow statements.

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**NOTE 2 - RESTATEMENTS OF PRIOR FINANCIAL INFORMATION (Continued)**

The effect of the restatement resulting from this accounting policy change is as follows:

	As Previously Reported (unaudited)	Adjustments	As Restated (unaudited)	Reference
Three Months Ended March 31, 2004				
Sales of oil and gas prospects	\$ 13,493	\$ 1,131,507	\$ 1,145,000	[1]
Other income	369	13,493	13,862	
<b>Total Revenues</b>	<b>241,281</b>	<b>1,145,000</b>	<b>1,386,281</b>	
Mining exploration expense	38,231	390	38,621	
<b>Cost of oil and gas prospects sold</b>	<b>94,432</b>	<b>345,787</b>	<b>440,219</b>	