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PIONEER OIL & GAS
Form 10QSB/A
February 17, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 2003

OR

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

Commission file number 0-30472

PIONEER OIL AND GAS
Incorporated pursuant to the Laws of the State of Utah

Internal Revenue Service - Employer Identification No. 87-0365907

1206 W. South Jordan Parkway, Unit B
South Jordan, Utah 84095-5512

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 total number of shares of the registrant's Common Stock, \$.001 par value, outstanding on December 31, 2003, was 7,961,418.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements for First Fiscal Quarter 2004 Period Ending December 31, 2003.

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PIONEER OIL AND GAS
 Balance Sheet
 December 31, 2003
 (unaudited)

Assets

Current assets:

| | |
|---|------------|
| Cash | \$ 481,512 |
| Accounts receivable | 74,797 |
| Resale leases, at lower of cost or market | 241,284 |

Total current assets 797,593

| | |
|--|---------|
| Property and equipment - net (successful efforts method) | 428,822 |
| Other assets | 2,303 |

\$ 1,228,718
 =====

Liabilities and Stockholders' Equity

Current liabilities:

| | |
|------------------|------------|
| Accounts payable | \$ 106,201 |
| Accrued expenses | 25,075 |
| Line of Credit | - |

Total current liabilities 131,276

Commitments and contingencies -

Stockholders' equity:

| | |
|---|-------------|
| Common stock, par value \$.001 per share, authorized 50,000,000 shares: 7,961,418 shares issued and outstanding | 7,961 |
| Additional paid-in capital | 2,495,218 |
| Stock subscription receivable | (231,927) |
| Accumulated deficit | (1,236,518) |
| Year to date income (loss) | 62,708 |

Total stockholder's equity 1,097,442

\$ 1,228,718
 =====

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PIONEER OIL AND GAS
Statement of Operations

First Fiscal Quarter Ending December 31,
(unaudited)

| | 2003 | |
|--|------------|----|
| | ----- | |
| Revenue: | | |
| Oil and gas sales | \$ 201,041 | \$ |
| Royalty Revenue | 180,781 | |
| Operational reimbursements | 1,202 | |
| Project and lease sales income | 18,750 | |
| | ----- | |
| | 401,774 | |
| | ----- | |
| Costs and expenses: | | |
| Cost of operations | 181,906 | |
| General and administrative expenses | 79,830 | |
| Exploration costs | 44,876 | |
| Lease rentals | 28,767 | |
| Depreciation, depletion and amortization | 17,433 | |
| | ----- | |
| | 352,812 | |
| | ----- | |
| Income (loss) from operations | 48,962 | |
| | ----- | |
| Other income (expense): | | |
| Interest expense | 0 | |
| Other (expense) income | 13,746 | |
| | ----- | |
| Net other income (expense) | 13,746 | |
| | ----- | |
| Income (loss) before provision for income taxes | 62,708 | |
| Provision for income taxes | 0 | |
| | ----- | |
| Net Income (loss) | \$ 62,708 | \$ |
| | ===== | |
| Earnings per share - basic and diluted | \$.01 | \$ |
| | ----- | |

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Weighted average common shares - basic and diluted 7,961,000

PIONEER OIL AND GAS
Statement of Cash Flows
First Fiscal Quarter Ending December 31,
(unaudited)

| | 2003 | |
|---|------------|----|
| | ----- | |
| Cash flows from operating activities: | | |
| Net income | \$ 62,708 | \$ |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation, depletion and amortization | 17,433 | |
| (increase) decrease in: | | |
| Accounts receivable | 74,996 | |
| Resale leases | (21,607) | |
| Other assets | (73) | |
| Increase (decrease) in: | | |
| Accounts payable | (15,892) | |
| Accrued expenses | (132) | |
| | ----- | |
| Net cash provided by (used in) operating activities | 117,433 | |
| | ----- | |
| Cash flows from investing activities: | | |
| Proceeds from sale of property | - | |
| Acquisition of property and equipment | (7,374) | |
| | ----- | |
| Net cash used in investing activities | (7,374) | |
| | ----- | |
| Cash flow from financing activities: | | |
| Increase in Credit Line | - | |
| Acquisition and retirement of Treasury Stock | (74) | |
| | ----- | |
| Net cash provided by (used in) financing activities | (74) | |
| | ----- | |
| Net increase (decrease) in cash | 109,985 | |
| Cash, beginning of quarter | 371,527 | |
| | ----- | |
| Cash, end of quarter | \$ 481,512 | \$ |
| | ===== | |

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PIONEER OIL AND GAS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
First Fiscal Quarter Ending December 31, 2003
(Unaudited)

NOTE 1 - UNAUDITED INTERIM INFORMATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended December 31, 2003 are not necessarily indicative of the results that may be expected for the year ending September 30, 2004. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10-KSB for the year ended September 30, 2003.

(1) The unaudited financial statements include the accounts of Pioneer Oil and Gas and include all adjustments (consisting of normal recurring items) which are, in the opinion of management, necessary to present fairly the financial position as of December 31, 2003 and the results of operations and cash flows for the three month period ended December 31, 2003 and 2002. The results of operations for the three months ended December 31, 2003 are not necessarily indicative of the result to be expected for the entire year.

(2) Earnings per common share is based on the weighted average number of shares outstanding during the period.

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

(Period Ending December 31, 2003)
Unaudited Financial Data

The discussion and analysis contained herein should be read in conjunction with the preceding financial statements and the information contained in the Company's 10SB. Except for the historical information contained herein, the matters discussed in this 10 QSB contain forward looking statements within the meaning of Section 27a of the Securities Act of 1933, as amended, and Section 21e of the Securities Exchange Act of 1934, as amended, that are based on management's beliefs and assumptions, current expectations, estimates, and projections. Statements that are not historical facts, including without limitation statements which are preceded by, followed by or include the words "believes," "anticipates," "plans," "expects," "may," "should," or similar expressions are forward-looking statements. Many of the factors that will

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determine the company's future results are beyond the ability of the Company to control or predict. These statements are subject to risks and uncertainties and, therefore, actual results may differ materially. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressed qualified in their entirety by these cautionary statements. The Company disclaims any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Important factors that may include, but are not limited to: the risk of a significant natural disaster, the inability of the Company to insure against certain risks, fluctuations in commodity prices, the inherent limitations in the ability to estimate oil and gas reserves, changing government regulations, as well as general market conditions, competition and pricing, and other risks detailed from time to time in the Company's SEC reports, copies of which are available upon request from the Company.

Results of Operations -

Total revenue for the first fiscal quarter increased 60 percent from \$251,490 in fiscal 2003 to \$401,774 in fiscal 2004. The increase in revenue was due primarily to an increase in royalty income which increased to \$180,781 for fiscal 2004 versus \$20,831 in fiscal 2003. Project and lease sales income declined from \$33,838 in fiscal 2003 to \$18,750 in fiscal 2004.

Total oil and gas sales (including royalty revenue) increased from \$217,152 (2003) to \$381,822 (2004) in the first quarter. This increase was due to increased royalty revenue and higher product prices. Average oil prices for the quarter increased over the first quarter of fiscal 2003 from \$23.85 bbl to \$26.25 bbl while gas prices increased from \$2.01 MCF to \$4.25 MCF. For the quarter oil production dropped thirty percent due to natural declines (and lower production rates on The Climax 7-2 well) while gas production increased 38 percent. The Climax 7-2 is currently being produced at a lower rate to preserve equipment integrity and reduce work-over expenses.

Project and lease sales income for the quarter decreased from \$33,858 to \$18,750. Project sales are a function of many factors and in general are not related to the time of year.

Costs of operations increased from \$111,416 (2003) to \$181,906 (2004) for the quarter primarily due to work over expenses on the Sheldon, Pilot and Climax properties.

General and administrative expenses increased from \$66,402 to \$79,830.

The Company's net income for the first quarter increased from a loss of \$35,339 for fiscal 2003 to net income of \$62,708 for fiscal 2004 an increase of \$98,047. Earnings per share for the first quarter of fiscal 2004 were \$.01. This compares to a loss of \$.01 for the same period last year.

Liquidity and Capital Resources

During the first quarter of fiscal 2004 net cash provided by operating activities was \$117,433 while investing activities used \$7,374 in cash. Financing activities used \$74 in the repurchase of a small amount of the Company's stock. One of the larger uses of cash was \$21,607 for the purchase of resale leases to increase the Company's inventory of acreage for future development and sale. Cash at the end of the quarter increased from \$371,527 to \$481,512.

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Item 3. CONTROLS AND PROCEDURE

Within the 90 days prior to this report, we carried out an evaluation, under the supervision and with the participation of management, including our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the principal executive and financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in our periodic SEC filings. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

The Company may become or is subject to investigations, claims, or lawsuits ensuing out of the conduct of its business, including those related to environmental safety and health, commercial transactions etc. The Company is currently not aware of any such items, which it believes could have a material adverse affect on its financial position.

Item 2 - Changes in Securities

The Company during the quarter ending December 31, 2003, repurchased 200 common shares from a shareholder desiring to sell directly to the Company.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - Submission of Matters to a Vote of Security Holders

None.

Item 5 - Other Information

None.

Item 6 - Exhibits and Reports on Form 8-K

The following Exhibits are filed herewith:

| Exhibit No. | Description |
|-------------|--|
| 31 | Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the fiscal quarter ending December 31, 2003.

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SIGNATURES

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

Pioneer Oil and Gas

Dated: February 10, 2004

/s/ Don J. Colton

President and CEO

Exhibit 31

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Don J. Colton, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Pioneer Oil and Gas.

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 annual 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 annual report.

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. I have disclosed, based on the most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions): a) all significant

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deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: February 10, 2004.

/s/ Don J. Colton

Don J. Colton, President, CEO and CFO

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report of Pioneer Oil and Gas (the "Company") on Form 10-QSB for the period ended December 31, 2003 (the "Report"), I, Don J. Colton, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Don J. Colton

Don J. Colton
CEO and CFO
February 10, 2004