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TENGASCO INC  
Form 10QSB/A  
September 14, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000  
-----

COMMISSION FILE NO. 0-20975  
-----

TENGASCO, INC.  
-----

(EXACT NAME OF SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

TENNESSEE  
-----

87-0267438  
-----

STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION

(IRS EMPLOYER IDENTIFICATION NO.)

603 MAIN AVENUE, SUITE 500, KNOXVILLE, TN 37902  
-----

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(865-523-1124)  
-----

(ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE)

CHECK WHETHER THE ISSUER (1) FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE EXCHANGE ACT DURING THE PAST 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

STATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON EQUITY, AS OF THE LATEST PRACTICABLE DATE: 8,613,352 COMMON SHARES AT JUNE 30, 2000.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE): YES  NO

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This Amendment on Form 10-QSB/A amends Item 1 of Part 1 of the previously filed quarterly report on Form 10-QSB of Tengasco, Inc. and Subsidiaries for the three month and six month periods ended June 30, 2000 to correct the net loss attributable to common shareholders per share basic and diluted disclosures on the accompanying Consolidated Statements of Loss. This Amendment also reflects dividends on preferred stock in the accompanying Consolidated Statements of Loss. Weighted average shares of common stock outstanding were also restated to appropriately reflect timing and duration of stock transactions having an effect on the calculation. These items were inadvertently omitted on the previously filed June 30, 2000 10-QSB.

In accordance with Rule 12B-15 of the Securities Exchange Act of 1934, this Amendment sets forth the complete text to Item 1 of Part I of our Form 10-QSB for the three months and six months ended June 30, 2000.

TENGASCO, INC.

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TENGASCO, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

|                  |                      |
|------------------|----------------------|
| JUNE 30,<br>2000 | DECEMBER 31,<br>1999 |
|------------------|----------------------|

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|  | (UNAUDITED)  |              |
|--|--------------|--------------|
|  | -----        | -----        |
| CURRENT ASSETS:  |              |              |
| CASH AND CASH EQUIVALENTS .....  | \$ 568,300   | \$ 420,590   |
| ACCOUNTS RECEIVABLE, NET .....   | 610,507      | 533,983      |
| OTHER CURRENT ASSETS .....   | 259,753      | 259,753      |
|  | -----        | -----        |
| TOTAL CURRENT ASSETS .....   | 1,438,560    | 1,214,326    |
| OIL AND GAS PROPERTIES, NET<br>(ON THE BASIS OF FULL COST<br>ACCOUNTING) ..... |              |              |
|  | 9,242,796    | 8,444,036    |
| PIPELINE FACILITIES, AT COST .....   | 4,853,423    | 4,212,842    |
| PROPERTY AND EQUIPMENT, NET .....  | 575,719      | 574,895      |
| RESTRICTED CASH .....  | 0            | 625,000      |
| OTHER .....  | 96,613       | 111,613      |
|  | -----        | -----        |
|  | \$16,207,111 | \$15,182,712 |
|  | =====        | =====        |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TENGASCO, INC.

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDER'S EQUITY

|   | JUNE 30,<br>2000<br>(UNAUDITED) | DECEMBER 31,<br>1999 |
|---|---------------------------------|----------------------|
|   | -----                           | -----                |
| CURRENT LIABILITIES                           |                                 |                      |
| NOTES PAYABLE .....                           | \$ 0                            | \$ 750,000           |
| CURRENT MATURITIES OF LONG-TERM DEBT .....    | 1,346,809                       | 1,025,085            |
| ACCOUNTS PAYABLE-TRADE .....                  | 680,834                         | 651,909              |
| ACCRUED LIABILITIES .....                     | 119,376                         | 193,595              |
|   | -----                           | -----                |
| TOTAL CURRENT LIABILITIES .....               | 2,147,019                       | 2,620,589            |
| LONG TERM DEBT, LESS CURRENT MATURITIES ..... | 2,774,887                       | 3,119,293            |
|   | -----                           | -----                |
| TOTAL LIABILITIES .....                       | 4,921,906                       | 5,739,882            |
|   | -----                           | -----                |

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|   |               |               |
|---|---------------|---------------|
| PREFERRED STOCK   |               |               |
| CONVERTIBLE REDEEMABLE PREFERRED;<br>REDEMPTION VALUE \$2,938,900 AND<br>\$1,988,900; SHARES OUTSTANDING<br>29,389 AND 19,889 |               |               |
| STOCKHOLDER'S EQUITY .....  | 2,938,900     | 1,988,900     |
|   | -----         | -----         |
| COMMON STOCK, \$.001 PER VALUE,<br>50,000,000 SHARES AUTHORIZED .....   | 8,785         | 8,533         |
| ADDITIONAL PAID-IN CAPITAL .....  | 22,186,507    | 20,732,759    |
| ACCUMULATED DEFICIT .....   | (13,848,987)  | (13,287,362)  |
|   | -----         | -----         |
|   | 8,346,305     | 7,453,930     |
|   | -----         | -----         |
| TOTAL STOCKHOLDERS' EQUITY .....  | 8,346,305     | 7,453,930     |
|   | -----         | -----         |
|   | \$ 16,207,111 | \$ 15,182,712 |
|   | =====         | =====         |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TENGASCO, INC.

CONSOLIDATED STATEMENTS OF LOSS

(UNAUDITED)  
RESTATE

|   | FOR THE<br>THREE MONTHS ENDED<br>JUNE 30 |            | FOR THE<br>SIX MONTHS ENDED<br>JUNE 30 |              |
|---|--|------------|--|--------------|
|   | 2000                                     | 1999       | 2000                                   | 1999         |
|   | -----                                    | -----      | -----                                  | -----        |
| OIL AND GAS REVENUES .....                        | \$1,270,283                              | \$ 724,888 | \$2,450,195                            | \$ 1,020,536 |
|   | -----                                    | -----      | -----                                  | -----        |
| COSTS AND OTHER DEDUCTIONS                        |  |            |  |              |
| PRODUCTIONS COSTS AND TAXES .                     | 799,736                                  | 642,888    | 1,255,561                              | 879,989      |
| DEPLETION, DEPRECIATION<br>AND AMORTIZATION ..... | 63,000                                   | 27,100     | 126,000                                | 154,200      |
| INTEREST EXPENSE .....                            | 105,225                                  | 257,245    | 204,158                                | 301,454      |
| GENERAL AND ADMINISTRATIVE<br>COSTS .....         | 549,192                                  | 467,242    | 1,115,022                              | 1,214,292    |
| LEGAL AND ACCOUNTING .....                        | 132,364                                  | 194,193    | 199,141                                | 377,644      |
|   | -----                                    | -----      | -----                                  | -----        |
| TOTAL COSTS AND OTHER<br>DEDUCTIONS .....         | 1,649,517                                | 1,588,668  | 2,899,882                              | 2,927,579    |
|   | -----                                    | -----      | -----                                  | -----        |
| NET LOSS .....                                    | (379,234)                                | (863,780)  | (449,687)                              | (1,907,043)  |

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|  |              |              |              |                |
|--|--------------|--------------|--------------|----------------|
| DIVIDENDS ON PREFERRED STOCK ..  | 72,160       | --           | 111,938      | --             |
| NET LOSS ATTRIBUTABLE TO<br>COMMON SHAREHOLDERS .....                                | \$ (451,394) | \$ (863,780) | \$ (561,625) | \$ (1,907,043) |
| NET LOSS ATTRIBUTABLE TO<br>COMMON SHAREHOLDERS PER<br>SHARE BASIC AND DILUTED ..... | \$ (0.05)    | \$ (0.10)    | \$ (0.07)    | \$ (0.24)      |
| WEIGHTED AVERAGE SHARES<br>OUTSTANDING .....   | 8,691,985    | 8,260,641    | 8,639,002    | 7,846,179      |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TENGASCO, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(UNAUDITED)

|  | COMMON STOCK |         | ADDITIONAL<br>PAID IN<br>CAPITAL | ACCUMULATED<br>DEFICIT |
|--|--------------|---------|----------------------------------|------------------------|
|  | SHARES       | AMOUNT  |                                  |                        |
| BALANCE DECEMBER 31, 1999 .....                              | 8,532,882    | \$8,533 | \$20,732,759                     | \$ (13,287,362)        |
| COMMON STOCK ISSUED IN<br>PRIVATE PLACEMENTS .....           | 215,747      | 215     | 1,231,785                        | 0                      |
| COMMON STOCK ISSUED<br>ON CONVERSION OF DEBT .....           | 27,769       | 28      | 171,972                          | 0                      |
| CONVERSION OF PREFERRED<br>TO COMMON STOCK .....             | 8,818        | 9       | 49,991                           | 0                      |
| PAYMENT OF DIVIDENDS ON<br>CONVERTIBLE PREFERRED STOCK ..... | 0            | 0       | 0                                | (111,938)              |
| NET LOSS FOR THE SIX MONTHS<br>ENDED JUNE 30, 2000 .....     | 0            | 0       | 0                                | (449,687)              |
| BALANCE, JUNE 30, 2000 .....                                 | 8,785,216    | \$8,785 | \$22,186,507                     | \$ (13,848,987)        |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TENGASCO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

| SIX MONTHS ENDED JUNE 30 .....   | 2000         | 1999           |
|--|--------------|----------------|
|  | -----        | -----          |
| OPERATING ACTIVITIES   |              |                |
| NET LOSS .....   | \$ (449,687) | \$ (1,907,043) |
| ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH<br>USED IN OPERATING ACTIVITIES: |              |                |
| DEPLETION, DEPRECIATION AND AMORTIZATION .....                                 | 126,000      | 154,200        |
| CHANGES IN ASSETS AND LIABILITIES  |              |                |
| ACCOUNTS RECEIVABLE .....  | (76,524)     | (372,168)      |
| OTHER CURRENT ASSETS .....   | 15,000       | 0              |
| ACCOUNTS PAYABLE .....   | 28,925       | 414,154        |
| ACCRUED LIABILITIES .....  | (74,219)     | (129,272)      |
|  | -----        | -----          |
| NET CASH USED IN OPERATING ACTIVITIES .....                                    | (430,505)    | (1,840,129)    |
|  | -----        | -----          |
| INVESTING ACTIVITIES   |              |                |
| PURCHASES OF PROPERTY AND EQUIPMENT .....                                      | (824)        | (178,941)      |
| ADDITIONS TO OIL AND GAS PROPERTIES .....                                      | (798,760)    | (606,844)      |
| ADDITIONS TO PIPELINE FACILITIES .....   | (640,581)    | (41,695)       |
| DECREASE IN RESTRICTED CASH .....  | 625,000      | 0              |
|  | -----        | -----          |
| NET CASH USED IN INVESTING ACTIVITIES .....                                    | (815,165)    | (827,480)      |
|  | -----        | -----          |
| FINANCING ACTIVITIES   |              |                |
| PROCEEDS FROM BORROWINGS .....   | 795,595      | 215,595        |
| REPAYMENTS OF BORROWINGS .....   | (1,694,277)  | (294,983)      |
| DIVIDENDS ON CONVERTIBLE REDEEMABLE<br>PREFERRED STOCK .....                   | (111,938)    | 0              |
| PROCEEDS FROM PRIVATE PLACEMENTS OF<br>COMMON STOCK .....                      | 1,454,000    | 1,537,736      |
| PROCEEDS FROM PRIVATE PLACEMENT OF<br>PREFERRED STOCK .....                    | 950,000      | 688,900        |
|  | -----        | -----          |
| NET CASH PROVIDED BY FINANCING ACTIVITIES .....                                | 1,393,380    | 2,147,248      |
|  | -----        | -----          |
| NET CHANGE IN CASH AND CASH<br>EQUIVALENTS .....                               | 147,710      | (520,361)      |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD .....                           | 420,590      | 913,194        |
|  | -----        | -----          |
| CASH AND CASH EQUIVALENTS, END OF PERIOD .....                                 | \$ 568,300   | \$ 392,833     |
|  | =====        | =====          |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tengasco, Inc.  
Notes to Consolidated Financial Statements

1. 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 Item 310 (b) of 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 only normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. For further information, refer to the Company's consolidated financial statements and footnotes thereto for the year ended December 31, 1999, included in Form 10-KSB.
2. The Company has issued fully paid 25% working interests in six wells in the Swan Creek Field to Shigemi Morita, one of the Directors of the Company, which were paid for in part by crediting Mr. Morita \$360,000 for placement fees in connection with private placements of the Company's common stock which occurred during the fourth quarter of 1998 and the first quarter of 1999. Mr. Morita was given an option that if it was determined that a well (s) at the time of completion of the drilling was not economically feasible and as such was subsequently plugged and abandoned, he had 30 days, after written notice from the Company, to convert amounts paid for that well (s) to restricted shares of the Company's common stock at 70% of its then current market value. However, all six of the wells in which Mr. Morita has a participation interest are producing, therefore his options for these wells were not exercisable.

In December, 1999, Morita Properties, Inc., an affiliate of Mr. Morita, purchased for the sum of \$625,000 a 25% working interest on a turnkey basis in two wells, Laura Jean Lawson #1 and Stephen Lawson #2, both of which are in the Swan Creek Field, and a 50% working interest in a third well, Springdale Land Company #1, which is a wildcat step-out well located approximately ten miles from the existing production. In January and March 2000, Morita Properties, Inc. purchased for the sum of \$250,000 on a turnkey basis a 12.5% working interest in the Stephen Lawson #3 well, a 25% working interest in the Laura Jean Lawson #2 well, and in April 2000, Morita Properties, Inc. purchased for the sum of \$125,000 a 25% working interest in the R.D. Helton #2 well, all of which are in the Swan Creek Field. The purchases of these interests were concluded before the respective wells were drilled and the purchaser assumed all the attendant risks involved in normal and customary drilling operations, including the risk of a dry hole. The Company received fair market value for the interests conveyed and the sale of such interests was required to raise funds to allow drilling operations to continue.

3. On December 18, 1997, the Company entered into an asset purchase agreement in which certain producing oil and gas properties and inventory located in the state of Kansas ("the Kansas Properties") were acquired from AFG

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Energy, Inc. ("AFG"). The agreement, which was effective as of December 31, 1997, closed on March 5, 1998, whereby the Company paid \$2,990,253 in cash and entered into a note payable agreement with AFG in the amount of \$2,500,000. The note accrued interest at the rate of 9.5% per annum for the period December 1998 to May 1999. After May 1999, the interest rate became 9.0% per annum. There was a balloon payment of \$1,865,078 due in January 2000. The seller financing portion of the purchase price has been refinanced by Arvest United Bank of Edmund, Oklahoma as evidenced by a note dated November 23, 1999 in the amount of \$1,883,650 to be paid in monthly installments of principle and interest over a three year period. The acquisition has been accounted for as a purchase and, accordingly, the purchase price of \$5,490,253 has been allocated to the assets acquired based on the estimated fair values at the date of acquisition.

4. In accordance with SFAS No. 128, "Earnings Per Share", basic and diluted loss per share are based on 8,691,985 weighted average shares outstanding for the quarter ended June 30, 2000 and 8,260,641 weighted average shares outstanding for the quarter ended June 30, 1999. Weighted average shares outstanding for the six months ended June 30, 2000 and 1999 were 8,639,002 and 7,846,149, respectively. There were 475,827 potential weighted common shares outstanding at June 30, 2000 and 1999 primarily related to common stock options and warrants. These shares were not included in the computation of the diluted loss per share amount because the Company was in a net loss position and, thus, any potential common shares were anti-dilutive.

Per share disclosures have been restated in this Form 10-QSB/A for weighted average common shares outstanding and dividends on preferred stock for the three months and six months ended June 30, 2000.

5. The accompanying Consolidated Statements of Loss have been restated to reflect dividends on preferred stock and net loss attributable to common shareholders. Per share disclosures have been calculated using these figures in accordance with SFAS 128.
6. Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, "Accounting for Derivatives and Hedging Activities", as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. Presently, the Company does not entered into derivative contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of this new standard on January 1, 2001, to affect its financial statements.

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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 hereto duly authorized.

Dated: September 10, 2001 TENGASCO, INC.



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By: s/HAROLD G. MORRIS

-----  
Harold G. Morris, President

By: s/MARK A. RUTH

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Mark A. Ruth, Chief Financial Officer