ASPEN EXPLORATION CORP
Form 10QSB
May 14, 2003

FORM 10-Q-SB

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

MARK ONE

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

For the quarterly period ended March 31, 2003

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 0-9494

ASPEN EXPLORATION CORPORATION
(Exact Name of Aspen as Specified in its Charter)

Delaware	84-0811316
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Suite 208, 2050 S. Oneida St., Denver, Colorado	80224-2426
(Address of Principal Executive Offices)	(Zip Code)

Issuer's telephone number: (303) 639-9860

Indicate by check mark whether Aspen (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that Aspen was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at May 13, 2003
Common stock, $.005 par value	5,863,828

Transitional small business disclosure format: _____ Yes XX No

Part One. FINANCIAL INFORMATION

Item 1. Financial Statements

ASPEN EXPLORATION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2003 (Unaudited)
Current Assets:	
Cash and cash equivalents, including $1,200,736 and $822,060 of invested cash at March 31, 2003 and June 30, 2002 respectively	$ 1,200,786
Precious metals	18,823
Accounts receivable, trade	294,703
Accounts receivable - related party	6,712
Prepaid expenses	14,892
Total current assets	1,535,916
Investment in oil and gas properties, at cost (full cost method of accounting)	5,983,549
Less accumulated depletion and valuation allowance	(2,541,436)
	3,442,113
Property and equipment, at cost:	
Furniture, fixtures and vehicles	112,562
Less accumulated depreciation	(59,068)
	53,494
Cash surrender value, life insurance	239,095
TOTAL ASSETS	$ 5,270,618

(Statement Continues)
See notes to Consolidated Financial Statements

ASPEN EXPLORATION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2003 (Unaudited)
Current liabilities:	
Accounts payable and accrued expenses	$ 256,391
Accounts payable - related party	42,192
Advances from joint owners	684,272
Total current liabilities	982,855
Deferred income tax payable - long term	89,250
Total liabilities	1,072,105
Stockholders' equity:	
Common stock, $.005 par value: Authorized: 50,000,000 shares Issued: At March 31, 2003: 5,863,828 and June 30, 2002: 5,863,828	29,320
Capital in excess of par value	6,025,797
Accumulated deficit	(1,845,827)
Deferred compensation	(10,777)
Total stockholders' equity	4,198,513
Total liabilities and stockholders' equity	$ 5,270,618

See Notes to Consolidated Financial Statements

3

ASPEN EXPLORATION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Revenues:		
Oil and gas	$ 314,222	$ 124,257
Management fees	22,323	23,632
Interest and other, net	931	10,395
Total Revenues	337,476	158,284
Costs and expenses:		
Oil and gas production	64,700	34,415
Depreciation, depletion and amortization	108,656	121,741
Aspen Power Systems expense	-0-	-0-
Selling, general and administrative	135,372	164,246
Interest expense	-0-	479
Total Costs and Expenses	308,728	320,881
Net income (loss) before taxes	$ 28,748	$ (162,597)
Provision for (recovery of) income taxes	(--)	(70,530)
Net income (loss)	$ 28,748	$ (92,067)
Basic earnings (loss) per common share	$ --	$ (.02)
Diluted earnings (loss) per common share	$ --	$ (.02)
Basic weighted average number of common shares outstanding	5,863,828	5,831,800
Diluted weighted average number of common shares outstanding	5,863,828	6,022,414

The accompanying notes are an integral part of these statements.

ASPEN EXPLORATION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended 2003
Cash flows from operating activities:	
Net (loss)	$ (31,150)
Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:	
Depreciation, depletion & amortization	292,045
Amortization of deferred compensation	3,375
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	77,162
(Increase) decrease in prepaid expense	4,928
Increase (decrease) in accounts payable and accrued expense	494,233
Net cash provided (used) by operating activities	840,593
Cash flows from investing activities:	
Additions to oil & gas properties	(626,385)
Purchase of office equipment & vehicle	-0-
Sale of idle equipment at cost	1,155
Sale of oil and gas properties	69,422
Net cash (used) by investing activities	(555,808)
Net increase (decrease) in cash and cash equivalents	284,785
Cash and cash equivalents, beginning of year	916,001
Cash and cash equivalents, end of period	$ 1,200,786
Interest paid	$ 479
Income taxes (refund)	$ -0-

The accompanying notes are an integral part of these statements.

ASPEN EXPLORATION CORPORATION

Notes to Consolidated Financial Statements
(Unaudited)

March 31, 2003

Note 1 BASIS OF PRESENTATION

The accompanying financial statements are unaudited. However, in our opinion, the accompanying financial statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for fair presentation. Interim results of operations are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with our Annual Report on Form 10-KSB for the year ended June 30, 2002.

Except for the historical information contained in this Form 10-QSB, this Form contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in this Report. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Report and any documents incorporated herein by reference, as well as the Annual Report on Form 10-KSB for the year ended June 30, 2002.

On July 1, 2002 we adopted Financial Accounting Standards Board No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. We are currently assessing the impact of this statement and, at this time, cannot reasonably estimate the effect of the adoption of SFAS No. 143 on our financial position, results of operations or cash flows.

Note 2 EARNINGS PER SHARE

We have adopted SFAS No. 128, addressing earnings per share. SFAS No. 128 established the methodology of calculating basic earnings per share and diluted earnings per share. The calculations differ by adding any instruments convertible to common stock (such as stock options, warrants, and convertible preferred stock) to weighted average shares outstanding when computing diluted earnings per share. We had a net loss of $31,150 and $226,569 for the nine months ending March 31, 2003 and 2002, respectively. Because of the net loss, the basis and diluted average outstanding shares are considered the same, since including the shares would have an antidilutive effect on the loss per share calculation.

Note 3 SEGMENT INFORMATION

We operate in two industrial segments within the United States, oil and gas exploration and development and electrical generation construction.

Note 3 SEGMENT INFORMATION (CONTINUED)

Identified assets by industry are those assets that are used in our operations in that industry. Corporate assets are principally cash, cash surrender value of life insurance, furniture, fixtures and vehicles.

We have adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires the presentation of descriptive information about reportable segments which is consistent with that made available to the management of the Company to assess performance.

Our oil and gas segment derives its revenues from the sale of oil and gas and prospect generation and administrative overhead fees charged to participants in our oil and gas ventures. Corporate income is primarily derived from interest income on funds held in money market accounts.

The electrical generation construction segment will receive its revenues from the sale, design, construction and/or operation of gas turbine or other electrical generation projects. As of December 31, 2002, we ceased operation of this segment and no further activities will be pursued.

During the nine months ended March 31, 2003 and 2002 there were no intersegment revenues. The accounting policies applied by each segment are the same as those used by us in general.

There have been no differences from the last annual report in the basis of measuring segment profit or loss. There have been no material changes in the amount of assets for any operating segment since the last annual report except for the oil and gas segment which capitalized approximately $626,385 for the development and acquisition of oil and gas properties, and sold $70,577 in equipment and producing properties for a net increase of $555,808.

7

Note 3 SEGMENT INFORMATION (CONTINUED)

Segment information consists of the following for the nine months ended March 31:

		Oil and Gas	Power Plant	Corporate
Revenues:				
	2003	$ 873,471	$ -0-	$ 7,981
	2002	604,713	-0-	46,600
Income (loss) from operations:				
	2003	$ 453,459	$ -0-	$ (484,609)
	2002	167,025	(25,500)	(368,094)
Identifiable assets:				

2003	$ 3,743,528	$ -0-	$ 1,527,090
2002	2,887,935	-0-	1,642,431

Depreciation, depletion and valuation charged to identifiable assets:

2003	$(2,541,436)	$ -0-	$ (59,068)
2002	(2,256,413)	-0-	(41,154)

Capital expenditures:

2003	$ 626,385	$ -0-	$ -0-
2002	628,244	-0-	5,285

Note 4 MAJOR CUSTOMERS

We derived in excess of 10% of our revenue from various sources (oil and gas sales) as follows:

	The Company			
	A	B	C	D
Year ended:				
March 31, 2003	-	22%	55%	-
March 31, 2002	36%	-	32%	12%

8

Note 5 COMMITMENTS AND CONTINGENCIES

At March 31, 2003 the Company was committed to the following drilling and development projects in California:

On April 23, 2003 we commenced drilling operations on the Pope Bypass 1-5, a 7800 foot exploratory gas well in Yolo County, California. We have committed to drilling the following wells:

Well	Estimated Spud Date	Total Depth	Our Estimated Dry Hole Cost
Pope Bypass 1-5	4-23-03	7800 feet	$103,500
Quarre 30-2	5-2-03	5600 feet	64,000
Klingenberg 23-1	5-15-03	5900 feet	64,000
NL&F 26-1	5-25-03	5500 feet	64,000
			$295,500

Results of these proposed drilling operations will be disclosed in future reports.

During the quarter ended March 31, 2003, we acquired two contiguous gas properties located in Colusa County, California. Aspen and our partners acquired a 100% working interest in approximately 2000 acres which included ten shut in gas wells. In late March these wells were tested for their productive capabilities. Nine wells were put on production and are currently producing 1100 MCFPD and one well was plugged and abandoned.

A 3-D seismic program will be acquired late in 2003 on these properties and drilling targets for the 2004 drilling season will be identified. We estimate our share of the 3-D seismic program will cost approximately $170,000.

Note 6 INCOME TAXES

The Company has made no provision for income taxes for the nine month period ended March 31, 2003 since it utilizes net operating loss carryforwards. The Company had $1,713,865 of such carryforwards at June 30, 2002.

On March 26, 2002 we received a refund of overpaid income taxes of $70,530 from the State of California for our fiscal year ended June 30, 2001.

Note 7 SUBSEQUENT EVENTS

On January 1, 2003 we entered into a new employment agreement with the president of our West Coast Division, Robert A. Cohan. Some of the pertinent provisions include an employment period ending December 31, 2005, salary increases from $125,000 per year to $135,000 per year effective April 15, 2003, and a further salary increase to $145,000 per year from April 15, 2004 through the end of the contract. Other benefits and duties will remain the same as the previous employment contract.

Effective May 1, 2003 we entered into a new employment agreement with Chairman of the Board, R. V. Bailey. Some of the pertinent provisions include an employment period ending May 1, 2009, the title of Vice President subject to the general direction of the President, Robert A. Cohan, and the Board of Directors of Aspen. Mr. Bailey's salary will be $45,000 per year from May 1, 2003 to December 31, 2006 and $60,000 per year from January 1, 2007, ending May 1, 2009. Mr. Bailey will also participate in Aspen's stock options and royalty interest programs. During the term of the agreement, we have agreed to pay Mr. Bailey a monthly $1,700 allowance to cover such items as prescriptions, medical and dental coverage for himself and his dependents and other expenses not covered in the agreement.

Mr. Bailey's keyman life insurance policy will terminate this year which will result in an annual savings of approximately $6,500. Mr. Bailey will continue to use the Company vehicle and may trade the current vehicle for a similar vehicle of his choice prior to June 30, 2006. During 2007 or thereafter, Mr. Bailey may purchase the vehicle for $500.

We may terminate this agreement upon Mr. Bailey's death by paying his estate all compensation that had or will accrue to the end of the year of his death plus $75,000. Should Mr. Bailey become totally and permanently disabled, we will pay Mr. Bailey one half of the salary and benefits set forth in our agreement with him for the remainder of the term of the agreement.

Effective May 1, 2003 our Board of Directors appointed Mr. Robert A. Cohan President of Aspen Exploration Corporation, replacing Mr. Bailey.

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

This should be read in conjunction with the management's discussion and analysis of financial condition and results of operations contained in our Annual Report on Form 10-KSB for the year ended June 30, 2002, which has been filed with the Securities and Exchange Commission. This management's discussion and analysis and other portions of this report contain forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These statements reflect our current expectations regarding our possible future results of operations, performance, and achievements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Wherever possible, we have tried to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect," "plan," "intend," and similar expressions. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and contingencies include, without limitation, the factors set forth in our Form 10-KSB under "Item 6. Management's Discussion and Analysis of Financial Conditions or Plan of Operation - Factors that may affect future operating results." We have no obligation to update or revise any such forward-looking statements that may be made to reflect events or circumstances after the date of this Form 10-QSB.

Liquidity and Capital Resources

March 31, 2003 as compared to June 30, 2002

At March 31, 2003 current assets were $1,535,916 and current liabilities were $982,855 and we had positive working capital of $553,061 compared to current assets of $1,333,221 at June 30, 2002 and current liabilities of $488,622 at the same date, resulting in working capital at June 30, 2002 of $844,599. Our current assets increased by 15%, while current liabilities increased by 101% from June 30, 2002 to March 31, 2003 for several reasons.

Our current assets increased primarily because cash and cash equivalents increased from approximately $916,000 to approximately $1.2 million. Accounts receivable - trade decreased by about 20% because of the reduced drilling activity during the quarter ended March 31, 2003.

Our current liabilities increased to approximately $983,000 at March

31, 2003, from approximately $489,000 at June 30, 2002. This increase was due primarily to an increase of $480,000 in advance payments received from joint owners prior to project start-ups at March 31, 2003.

We anticipate that our current assets will be sufficient to pay our current liabilities as long as our oil and gas production continues to provide us with sufficient cash flow. During the nine months ended March 31, 2003, our operations provided approximately $841,000 of positive cash flow as compared to a negative cash flow of approximately $823,000 for the same period of the previous year. As discussed below, our ability to maintain a positive cash flow from operations is dependent, in part, on maintaining or increasing our level of production and the national and world market maintaining its current prices for our oil and gas production.

We achieved the positive cash flow from operations during the nine month period ending March 31, 2003 described in the preceding paragraph because we experienced an increase in production and prices received for the natural gas we produced during that period. At June 30, 2002, we received an average of $2.51 per MMBTU. At March 31, 2003 our price per MMBTU had been increased to approximately $6.30 per MMBTU, a 151% increase.

In conjunction with the increase in prices we have also experienced an increase in production volumes for the period. For the nine months ended March 31, 2003 we produced approximately 187,000 MMBTU of gas compared to approximately 176,000 MMBTU for the nine months ended March 31, 2002, a 6% increase. This increase in production is primarily due to the addition of five new gas wells between May and November 2002.

Our capital requirements can fluctuate over a twelve month period because our drilling program is usually carried out in California's dry season, from late April until November, after which wet weather either precludes further activity or makes it cost prohibitive.

Although our drilling and development plans have not been finalized for the coming year, at March 31, 2003 we have spudded one well and are committed to drill 3 additional wells at an estimated cost to us of approximately $296,000, with the balance (approximately $1,258,000) to be paid by joint owners in the properties, including certain affiliated investors. For the nine months ended March 31, 2003 we invested approximately $626,000 in our oil and gas properties compared to approximately $628,000 for the nine month period in the preceding fiscal year. We anticipate additional drilling will occur in fiscal 2003.

We believe that internally generated funds will be sufficient to finance our drilling and operating expenses for the next twelve months.

Results of Operations

March 31, 2003 Compared to March 31, 2002

For the nine months ended March 31, 2003 our operations continued to be focused on the production of oil and gas, and the investigation for possible acquisition of producing oil and gas properties in California.

Oil and gas revenues, which includes income from management fees, for the nine months ended March 31, 2003 increased approximately $268,500 from $605,000 to $873,500, a 44% increase. This increase reflects an improvement in prices and increased production volumes in California. Our share of sales of oil and gas for the nine month period ended March 31, 2003 was 650 barrels of oil and approximately 187,000 MMBTU of gas with the price received for oil at $25.89 per barrel and $3.93 per MMBTU for gas. This is a decrease in total oil production compared to the 2,410 barrels of oil produced in the first nine months of fiscal 2002 due to the sale of our producing oil properties in late 2002, and an increase in natural gas production of 11,000 MMBTU when compared to the approximately 176,000 MMBTU of gas production achieved during the first nine months of 2002. As discussed in Liquidity and Capital Revenues, a significant factor resulting in the increase in revenues during the last nine months of fiscal 2003 was an increase in the prices received for our production when compared to prices of $19.33 and $2.68 received for oil and gas respectively during the first nine months of 2002.

Oil and gas production costs increased $38,537 when compared to the comparable nine month period of the previous year, from $102,688 to $141,225. Production costs decreased due to the elimination of non-recurring workover costs for recompleting wells in upper producing zones and the sale of our Arco and Brandt oil wells in January 2002 and September 2002, respectively. These decreases were offset by increased compression costs on our mature gas wells.

Depletion, depreciation and amortization decreased $55,975 or 16% for the nine month period, which is our best estimate of what the full year cost will be.

Selling, general and administrative expense increased approximately $7,128 or 2% from $471,725 to $478,853 for the nine months ended March 31, 2003. This increase is primarily due to salary and office rental and consulting increases.

As a result of our operations for the nine months ended March 31, 2003, we ended the period with a net loss of $31,150 compared to net loss of $226,569 for the nine months ended March 31,2002. This reduction in the loss from operations was due to an improvement in prices we received for our production and increased volumes produced, but was offset by an increase of approximately $38,600 in production costs and $7,100 in G&A costs. Effective September 1, 2002 we sold the remaining interest in producing oil wells located in Kern County, California for approximately $70,000 net to our interest. As of September 1, 2002, we were producing and selling only natural gas.

Interest and other income decreased approximately $38,600 to $8,000 and were due to a decline in interest rates.

CONTRACTUAL OBLIGATIONS

We had five contractual obligations as of March 31, 2003. The following table lists our significant liabilities at March 31, 2003:

	Payments Due by Period			
Contractual Obligations	Less than 1 year	2-3 years	4-5 years	After 5 years
Employment Obligations	$189,325	$409,130	$179,550	$142,100
Lease Obligations	20,109	18,000	8,470	-0-
Total contractual cash obligations	$209,434	$427,130	$188,020	$142,100

We lease our corporate offices in Denver, Colorado under the terms of an operating lease, which expires on December 31, 2003. Yearly payments under the lease are approximately $15,312. Our Bakersfield, California office lease was renewed for a three year period and expires February 28, 2006. The yearly payments are approximately $8,760 per year. We also lease storage space in Bakersfield, California. The lease expires December 31, 2003 and we pay approximately $390 per year for the space. See Note 7 for a description of our employment obligations to Mr. R. V. Bailey and Mr. Robert A. Cohan.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES:

We believe the following critical accounting policies affect our most significant judgments and estimates used in the preparation of our Consolidated Financial Statements.

Reserve Estimates:

Our estimates of oil and natural gas reserves, by necessity, are projections based on geologic and engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and natural gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected therefrom may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves, which could affect the carrying value of our oil and gas properties and/or the rate of depletion of the oil and gas properties. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

Many factors will affect actual future net cash flows, including:

- The amount and timing of actual production;
- Supply and demand for natural gas;
- Curtailments or increases in consumption by natural gas purchasers; and
- Changes in governmental regulations or taxation.

Property, Equipment and Depreciation:

We follow the full-cost method of accounting for oil and gas properties. Under this method, all productive and nonproductive costs incurred in connection with the exploration for and development of oil and gas reserves are capitalized. Such capitalized costs include lease acquisition, geological and geophysical work, delay rentals, drilling, completing and equipping oil and gas wells, including salaries, benefits and other internal salary related costs directly attributable to these activities. Costs associated with production and general corporate activities are expensed in the period incurred. Interest costs related to unproved properties and properties under development are also capitalized to oil and gas properties. If the net investment in oil and gas properties exceeds an amount equal to the sum of (1) the standardized measure of discounted future net cash flows from proved reserves, and (2) the lower of cost or fair market value of properties in process of development and unexplored acreage, the excess is charged to expense as additional depletion. Normal dispositions of oil and gas properties are accounted for as adjustments of capitalized costs, with no gain or loss recognized.

We apply SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Under SFAS No. 121, long-lived assets and certain intangibles are reported at the lower of the carrying amount or their estimated recoverable amounts. Long-lived assets subject to the requirements of SFAS No. 121 are evaluated for possible impairment through review of undiscounted expected future cash flows. If the sum of undiscounted expected future cash flows is less than the carrying amount of the asset or if changes in facts and circumstances indicate, an impairment loss is recognized.

Item 3. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934, within the 90 days prior to the filing date of this report, the company carried out an evaluation of the effectiveness of the design and operation of the company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of Aspen Exploration Corporation's management, the person serving as its Chairman/Chief Executive Officer/Principal Financial and Accounting Officer, who concluded that Aspen Exploration Corporation's disclosure controls and procedures are effective. There have been no significant changes in Aspen Exploration Corporation's internal controls or in other factors, which could significantly affect internal controls subsequent to the date Aspen Exploration Corporation carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Aspen Exploration Corporation's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Aspen Exploration Corporation's reports filed under the Exchange Act is accumulated and communicated to management, including its Chief Executive Officer/Principal Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal or regulatory proceedings against Aspen Exploration Corporation, and it is not aware of any that are known to be contemplated.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

No matter was submitted during the first quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None.

(b) Reports on Form 8-K:

None.

In accordance with the requirements of the Securities Exchange Act of 1934, we have duly caused this report to be signed on our behalf by the undersigned, thereunto duly authorized.

ASPEN EXPLORATION CORPORATION

/s/ Robert A. Cohan

By: Robert A. Cohan,
President, Principal Executive Officer,
Principal Financial Officer

May 13, 2003

17

CERTIFICATIONS - principal executive and financial officers

I, Robert A. Cohan, Chief Executive Officer and Chief Financial Officer of Aspen Exploration Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Aspen Exploration Corporation;

2. Based on my knowledge, this annual 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 annual 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. The registrant's other certifying officers and I are 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 annual 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 annual 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. The registrant's other certifying officers and I have disclosed, based on our 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 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; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Robert A. Cohan

Robert A. Cohan, Chief Executive Officer and Chief Financial Officer (principal executive and financial officer)