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

Form 10-QSB

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITITES EXCHANGE ACT OF 1934. For the quarter ended July 31, 2005

__TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

VTEX ENERGY, INC.

(Name of small business issuer in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**76-0582614** (I.R.S. Employer Identification No.)

8303 Southwest Freeway, Suite 950
Houston, Texas 77074
(Address of principal executive office)

(713) 773-3284
(Issuer's telephone number)

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 _X_ No ___

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of August 31, 2005, there were 10,785,992 shares of common stock, $0.001 par value, outstanding.

Transitional Small Business Disclosure Format (Check one).

Yes ___ No _X_

VTEX ENERGY, INC.
FORM 10-QSB
FOR THE QUARTER ENDED JULY 31, 2005

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

VTEX ENERGY, INC.
CONSOLIDATED BALANCE SHEETS

	July 31, 2005 Unaudited	April 30, 2005
ASSETS		
CURRENT ASSETS		
Cash	$ 81,297	$ 37,582
Certificates of deposit	101,807	98,917
Accounts receivable, oil and natural gas	182,262	78,702
Joint interest billings receivable	132,600	106,118
Other current assets	164,155	-
Total current assets	662,121	321,319
OIL AND NATURAL GAS PROPERTIES – Full cost method of accounting	18,079,851	18,325,280
Less accumulated depletion, depreciation and amortization	(1,635,857)	(1,581,145)
Oil and natural gas properties, net	16,443,994	16,744,135
OTHER ASSETS		
Other property and equipment, net of accumulated depreciation of $115,199 and $111,229 at July 31, 2005 and April 30, 2005, respectively	68,306	47,030
Deferred loan costs, net of accumulated amortization of $407,240 and $362,558 at July 31, 2005 and April 30, 2005, respectively	135,088	14,405
Investment in Viking Petroleum UK Limited, equity method	1,369,570	-
Other assets	106,343	44,600
Total other assets	1,679,307	106,035
TOTAL ASSETS	$ 18,785,422	$ 17,171,489

The accompanying notes are an integral part of the consolidated financial statements

VTEX ENERGY, INC.
CONSOLIDATED BALANCE SHEETS

	July 31, 2005 Unaudited	April 30, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of credit - banks	596,537	246,537
Notes payable, net of discount of $103,724 and $87,397 at July 31, 2005 and April 30, 2005, respectively	1,744,943	1,377,333
Production payments payable	305,504	305,504
Accounts payable - trade	2,128,607	1,462,292
Royalties payable	706,126	720,823
Working interest revenues payable	59,205	61,676
Taxes payable	172,463	172,463
Advances from related parties	-	12,500
Accrued interest	163,440	75,810
Total current liabilities	5,876,825	4,434,938
NONCURRENT LIABILITIES		
Line of credit – related party	3,624,707	3,624,707
Asset retirement obligations	1,255,402	1,232,297
Total noncurrent liabilities	4,880,109	4,857,004
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Preferred stock class AA-1, cumulative convertible; $0.01 par value per share, 500,000 shares authorized; 395,879 shares issued and outstanding	3,959	3,959
Preferred stock class B, noncumulative nonconvertible; $0.001 par value per share, 500,000 shares authorized; 500,000 shares issued and outstanding	500	500
Common stock, $0.001 par value per share; 150,000,000 shares authorized; 10,785,992 and 9,769,989 shares issued and outstanding at July 31, 2005 and April 30, 2005, respectively	10,786	9,770
Additional paid-in capital	34,606,180	32,420,576
Accumulated deficit	(26,592,937)	(24,555,258)
Total stockholders' equity	8,028,488	7,879,547
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 18,785,422	$ 17,171,489

The accompanying notes are an integral part of the consolidated financial statements

VTEX ENERGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended July 31, 2005	Three Months Ended July 31, 2004
REVENUES		
Oil sales	$ -	$ 57,321
Natural gas sales	199,714	384,486
Total Revenues	199,714	441,807
OPERATING EXPENSES		
Lease operating expense	105,511	139,992
Production taxes	33,802	45,302
Depreciation, depletion and amortization expense	58,682	79,869
General and administrative expense	1,784,510	419,041
Accretion expense	23,105	21,850
Total operating expenses	2,005,610	706,054
OTHER INCOME (EXPENSE)		
Other income	3,296	6,429
Interest expense	(235,079)	(205,684)
Total other expense, net	(231,783)	(199,255)
NET LOSS	$ (2,037,679)	$ (463,502)
NET LOSS PER SHARE – Basic and Diluted	$ (0.20)	$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	10,433,609	6,449,646

The accompanying notes are an integral part of the consolidated financial statements

VTEX Energy, Inc.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Three Months Ended July 31, 2005

	Preferred Stock Class AA-1 Shares	Preferred Stock Class AA-1 Amount	Preferred Stock Class B Shares	Preferred Stock Class B Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
April 30, 2005	395,879	$ 3,959	500,000	$ 500	9,769,989	$ 9,770	$ 32,420,576	$ (24,555,258)	$ 7,879,547
Common stock issued for consulting services	-	-	-	-	37,465	37	10,663		10,700
Common stock obligated to be issued for services	-	-	-	-	-	-	10,794		10,794
Common stock issued for consulting services incurred in the prior year	-	-	-	-	125,771	126	(126)		-
Common stock issued as loan consideration	-	-	-	-	130,000	130	37,770		37,900
Warrants granted as loan consideration	-	-	-	-	-	-	25,674		25,674
Common stock obligated to be issued as loan consideration	-	-	-	-	-	-	16,187		16,187
Common stock issued for prior year loan consideration	-	-	-	-	105,267	105	(105)		-
Common stock issued for loan extensions	-	-	-	-	112,500	113	32,512		32,625
Warrants granted for loan extensions	-	-	-	-	-	-	15,130		15,130
Common stock obligated to be issued for loan extensions	-	-	-	-	-	-	29,120		29,120
Common stock issued for prior year loan extensions	-	-	-	-	105,000	105	(105)		-
Common stock obligated to be issued for loan guarantee	-	-	-	-	-	-	60,000		60,000
Warrants granted for loan guarantee	-	-	-	-	-	-	28,490		28,490
Common stock options granted for stock based compensation	-	-	-	-	-	-	1,280,000		1,280,000
Common stock issued for the acquisition of Viking	-	-	-	-	400,000	400	127,600		128,000
Common stock obligated to be issued for the acquisition of Viking							512,000		512,000
Net loss	-	-	-	-	-	-	-	(2,037,679)	(2,037,679)
Balance July 31,2005	395,879	$ 3,959	500,000	$ 500	10,785,992	$ 10,786	$ 34,606,180	$ (26,592,937)	$ 8,028,488

The accompanying notes are an integral part of the consolidated financial statements

VTEX Energy, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Three Months Ended July 31, 2005	Three Months Ended July 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,037,679)	$ (463,502)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation, depletion and amortization expense	166,798	223,938
Bad debt expense	-	28,000
Accretion expense	23,105	21,850
Common stock issued for services	21,494	185,100
Common stock issued in settlement of accounts payable	-	13,743
Advances to related parties applied to travel costs	-	20,000
Stock based compensation	1,280,000	-
Changes in operating assets and liabilities		
Accounts receivable	(130,042)	(72,400)
Other assets	(115,401)	58,681
Accounts payable – trade	(77,379)	101,470
Royalties and working interest revenues payable	(17,168)	70,269
Other current liabilities	114,096	56,231
Net cash (used in) provided by operating activities	(772,176)	243,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in certificates of deposit	(2,890)	-
Oil and natural gas capital expenditures	(24,571)	(447,798)
Proceeds from sales of oil and natural gas properties	270,000	-
Purchase of property and equipment, other	-	(6,334)
Acquisition of Viking International Petroleum, PLC, net of cash acquired	(121,619)	-
Payments received on note receivable	-	67,000
Advances to related party	-	(30,000)
Payments received on advances to related party	-	20,000
Net cash provided by (used in) investing activities	120,920	(397,132)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on notes payable	425,000	50,000
Repayments of notes payable	(67,529)	(56,807)
Borrowings on lines of credit	350,000	149,300
Repayments of advances from related parties	(12,500)	(7,500)
Net cash provided by financing activities	694,971	134,993
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,715	(18,759)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	37,582	156,575
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 81,297	$ 137,816

The accompanying notes are an integral part of the consolidated financial statements

Note 1. Management's Representation of Interim Financial Information

The accompanying consolidated financial statements have been prepared by management of VTEX Energy, Inc. (Formerly Vector Energy Corporation), a Nevada corporation (together with its subsidiaries, Vector Exploration, Inc. and Viking International Petroleum, PLC, the "Company") without audit pursuant to the rules and regulations of the SEC. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and management believes that the disclosures are adequate to make the information presented not misleading. These financial statements include all of the adjustments that, in the opinion of management, are necessary for the fair presentation of the financial position and results of operations of the Company. These financial statements should be read in conjunction with the audited consolidated financial statements for the year ended April 30, 2005, which are included in the Company's annual report on Form 10-KSB filed with the SEC on August 15, 2005.

Business and Organization

The Company was incorporated under the laws of the State of Texas on June 18, 1998 as Vector Energy Corporation. Effective November 15, 2002, the Company was reincorporated into Nevada. The reincorporation was effected by the merger of Vector Energy Corporation with and into a newly created wholly owned subsidiary VTEX Energy, Inc., a Nevada corporation, which became the surviving entity. The Company is primarily engaged in the acquisition, development, production and exploration of oil and natural gas properties in the United States.

Going Concern

For the year ended April 30, 2005 our independent registered public accounting firm issued a going concern opinion. As shown in the financial statements, the Company has historically incurred net losses from operations and has incurred net losses of approximately $2,038,000 and $464,000 for the three months ended July 31, 2005 and 2004, respectively, and losses are expected to be incurred in the near term. Current liabilities exceeded current assets by approximately $5,215,000 and $4,114,000 at July 31, 2005 and April 30, 2005, respectively, and the accumulated deficit is approximately $26,593,000 at July 31, 2005. Amounts outstanding and payable to creditors are in arrears and the Company is in negotiations with creditors to obtain extensions and settlements of outstanding amounts. Management anticipates that significant additional expenditures will be necessary to develop the Company's oil and natural gas properties, which consist primarily of proved reserves that are non-producing, before significant positive operating cash flows will be achieved. Without outside investment from the sale of equity securities or debt financing our ability to execute our business plan will be limited. These factors are an indication that the Company may be unable to continue in existence.

Management's plans to alleviate these conditions include the renegotiation of certain trade payables, settlements of debt amounts with stock, deferral of certain scheduled payments, and sales of non core properties, as considered necessary by management. In addition, management is pursuing business partnering arrangements for the acquisition and development of additional properties as well as debt and equity funding through private placements.

The accompanying consolidated financial statements are prepared as if the Company will continue as a going concern. The consolidated financial statements do not contain adjustments, including adjustments to recorded assets and liabilities, which might be necessary if the Company were unable to continue as a going concern.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of VTEX Energy, Inc. and its wholly owned subsidiaries, Vector Exploration, Inc. and Viking International Petroleum, PLC ("Viking") (see Note 4). All significant intercompany accounts and transactions have been eliminated in consolidation. The Company applies the equity method of accounting when it is determined that it can exert significant influence, but not control, over the policies and decisions of the entity.

Certain prior period amounts have been reclassed to conform to the current period presentation. These reclassifications did not effect the amount of the net loss, total assets or net equity.

Revenue Recognition

The Company recognizes oil and natural gas revenue from its interests in producing wells as oil and natural gas is produced and sold from those wells. Oil and natural gas sold by the Company is not significantly different from the Company's share of production.

Oil and Natural Gas Properties

The Company follows the full cost method of accounting for its oil and natural gas properties. All costs associated with property acquisition, exploration, and development activities are capitalized in a single cost center located within the United States. Internal costs directly identified with the acquisition, exploration and development activities of the Company are also capitalized. Capitalized costs are amortized on the unit-of-production basis using proved oil and natural gas reserves. Capitalized costs are subject to a "ceiling test" and limited to the present value of estimated future net revenues less estimated future expenditures using a discount factor of ten percent. Should capitalized costs exceed the present value of our reserves discounted at ten percent, the excess is charged to operations. Once incurred, an impairment of oil and natural gas properties can not be reversed at a later date. Impairment of oil and natural gas properties is assessed on a quarterly basis in conjunction with our quarterly filings with the SEC. Sales of proved and unproved oil and natural gas properties are treated as reductions of the capitalized cost pool, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves. At July 31, 2005 and April 30, 2005, there were no costs of unproved properties or major development projects included in the capitalized cost pool. The depletion rates per Mcfe for the three months ended July 31, 2005 and 2004 were $1.60 and $1.07, respectively.

The equity investment held by Viking is a 26% ownership in an entity that owns and operates various oil and natural gas properties. The Company subjects this equity investment to the same impairment criteria used to evaluate its direct ownership interests in proved oil and natural gas properties. No impairment was required as of July 31, 2005 for this equity investment.

Other Property and Equipment

Other property and equipment of the Company consists primarily of computer equipment, vehicles and furniture and fixtures, which are depreciated over estimated useful lives, ranging from three to seven years, on a straight-line basis. Repair and maintenance costs are expensed as incurred while costs incurred that extend the useful life are capitalized.

Deferred Loan Costs

Deferred loan cost consists of direct costs of securing financing and includes primarily the fair value of common stock and warrants issued as part of the underlying debt instruments, loan origination fees paid to third parties, extension fees, and legal costs to prepare loan documents. These costs are capitalized and amortized over the life of the loan on a straight line basis.

Asset Retirement Obligations

The Company records a liability for legal obligations associated with the retirement of tangible long-lived assets in the period in which they are incurred in accordance with Statement of Financial Accounting Standards ("SFAS") No. 143 *"Accounting for Asset Retirement Obligations."* The Company adopted this policy effective May 1, 2003, using a cumulative effect approach to recognize transition amounts for asset retirement obligations ("ARO"), asset retirement costs and accumulated accretion and depletion. Under this method, when liabilities for dismantlement and abandonment costs, excluding salvage values, are initially recorded the carrying amount of the related oil and natural gas properties are increased. Accretion of the liability is recognized each period using the interest method of allocation, and the capitalized cost is depleted over the useful life of the related asset. Revisions to such estimates are recorded as adjustments to the ARO, capitalized asset retirement costs and charges to operations during the periods in which they become known. At the time the abandonment cost is incurred, the Company will be required to recognize a gain or loss if the actual costs do not equal the estimated costs included in ARO (see Note 6).

Stock-Based Compensation

The Company accounts for stock based compensation to employees under the fair value method prescribed by SFAS No. 123, "*Accounting for Stock-Based Compensation.*" Under the fair value method, compensation cost is measured at the grant date of each common stock option or warrant based on the fair value of the award and is recognized over the vesting period, which is usually the service period. For common stock options and warrants, fair value is determined using the Black-Scholes option-pricing model that takes into account the common stock market price at the grant date, the exercise price, the expected life of the common stock option or warrant, the market volatility of the underlying common stock, the dividend yield and the risk-free interest rate over the expected life of the common stock option or warrant. The fair value of a common stock option or warrant is estimated at the grant date and is not subsequently adjusted for changes in the assumptions used.

Loss Per Share

Loss per share has been calculated using the weighted average number of shares outstanding. Outstanding warrants and other potentially dilutive securities have been excluded from the calculation of loss per share, as their effect would be anti-dilutive due to the Company incurring a net loss for all periods presented. At July 31, 2005 and 2004, there are 250,000 warrants that are potentially dilutive common shares.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, *"Accounting for Income Taxes,"* which provides for an asset and liability approach for accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. The Company's most significant timing difference is its net operating loss ("NOL") carry forwards and the timing difference between the book and tax basis if its oil and natural gas properties. Management determined that it is more likely than not that NOL's accumulated through July 31, 2005 of approximately $29,000,000 will not be recoverable. Accordingly, a valuation allowance has been provided for the full value of its net tax assets. The Company's NOL carry forwards begin to expire in 2013.

Statement of Cash Flows

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

The following is a summary of all payments made for interest and significant noncash financing activities for the three months ended July 31, 2005 and 2004, respectively.

Supplemental Disclosures of Cash Flow Information:

	Three Months Ended July 31, 2005		Three Months Ended July 31, 2004	
Cash Payments				
Interest	$	14,204	$	5,634
Noncash financing activities				
Accrued interest converted into note payable	$	26,466	$	-
Common stock issued for services	$	21,494	$	185,100
Common stock and warrants issued to note holders recorded as debt discounts	$	79,761	$	77,587
Common stock and warrants issued for debt extensions and a guarantee	$	165,365	$	17,048
Common stock issued to settle accounts payable	$	-	$	13,743
Common stock options issued for stock based compensation	$	1,280,000	$	-
Common stock issued as partial consideration for the acquisition of Viking International Petroleum, PLC	$	128,000	$	-
Common stock to be issued as partial consideration for the acquisition Viking International Petroleum, PLC	$	512,000	$	-
Net liabilities acquired in the acquisition of Viking International Petroleum, PLC (net of cash acquired)	$	607,951	$	-

Guarantees

Guarantees are accounted for in accordance with the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. ("FIN") 45,*"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including*

Indirect Guarantees of Indebtedness of Others." FIN 45 establishes disclosure and liability-recognition requirements for direct and indirect debt guarantees with specified characteristics.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Significant estimates include volumes of oil and natural gas reserves used in calculating depletion, depreciation and amortization of proved oil and natural gas properties, asset retirement obligations, bad debts, contingencies and litigation. Oil and natural gas reserve estimates, which are the basis for unit-of-production depletion and the ceiling test, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing, and production subsequent to the date of the estimate may justify revision of such estimate (positive or negative). Accordingly, reserve estimates are most often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are vulnerable to changes on wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

Note 3. Certificates of Deposit

At July 31, 2005 and April 30, 2005, the Company had certificates of deposit totaling $101,807 and $98,917, respectively. Such certificates bear interest at rates ranging from 1.88% to 2.52% at July 31, 2005 and April 30, 2005. The maturity dates of the certificates ranged from October 6, 2005 to March 20, 2006. The certificates of deposit are collateral for letters of credit, with expiration dates corresponding to the maturity dates of the certificates, issued in favor of governmental agencies in states in which the Company operates wells. It is anticipated that such certificates of deposit and the corresponding letters of credit will be renewed at maturity.

Note 4. Acquisitions of Oil and Natural Gas Properties

On January 13, 2005, the Company executed a purchase and sale agreement with Arcoa Oil & Gas, Inc. ("Arcoa"), which was subsequently amended in March 2005. Under the terms of the agreement, as amended, Arcoa acquired a net profits interest in three wells on the Company's Bateman Lake property for up to $1,150,000. The net profits interest is initially payable out of 75% of the monthly cash flows, as defined, attributable to the Company's interest in such wells until payout, including a 12% rate of return. The net profits interest will then be reduced to 65% until the well has produced a total of $7 million of net cash flow to the Company's working interest. The net profits interest will be further reduced to 60% when the net cash flows attributable to the Company's working interest reaches a total of $9 million. At that time, the net profits interest will be reduced to 30% which will be the net profits percentage there after. To the extent that ARCOA elects to acquire a net profits interest of less than $1,150,000 the net profits amounts will be proportionately reduced. Further more, after June 1, 2006, ARCOA may elect to convert its net profits interest into common stock of the Company at a conversion rate of $1.25 per share. The value of the net profits interest will be determined based upon the net cash flows attributable to the reserves, discounted at 15%. ARCOA has until October, 10, 2005 to fund and close the transaction. However, such date may be extended by mutual agreement. The Company has received a total of $470,000 in payments from ARCOA through July 31, 2005 representing its purchase of net profits interests in certain oil and natural gas wells.

On July 29, 2005, the Company completed the acquisition of all of the outstanding shares of Viking. Viking is a UK registered company with offices in London and owns a 26% interest in a company that owns the North Yorkshire gas fields (an extension of the Southern North Sea Gas Basin onshore). The properties include licenses covering approximately 100,000 acres onshore including, four proved producing fields, two proved undeveloped fields and additional seismically mapped low risk exploration potential. Upon closing of this acquisition, the Company delivered 400,000 shares of its common stock, valued at $128,000, to Viking for distribution to its shareholders, with an obligation to deliver an additional 1.6 million shares of its common stock if certain defined goals are met or six months from the acquisition, unless there is a foreclosure on the assets of Viking's interest in the gas fields. Viking's interest in the gas fields is security for debt in Viking Petroleum UK, Limited. Such debt is not currently in default, however the Company has no assurance that an event of default will not occur. Due to what management of the Company believes to be the remote possibility that the contingent shares will not be issued, they have been valued at $512,000 and included as a component of the purchase price. Additionally, prior to the closing of the acquisition, the Company advanced $127,757 to Viking for working capital purposes. This amount is considered a component of the purchase price paid to acquire the stock of Viking. This transaction has been recorded using the purchase method of accounting and the results of operations from July 31, 2005 forward are recorded in the consolidated results of operations of the Company.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed for the acquisition of Viking at the date of acquisition:

Current assets, including cash of $6,138	$	54,892
Fixed assets		25,246
Other assets		61,743
Investment in Viking Petroleum UK Limited		1,369,570
Current liabilities	(	743,694)
Total purchase price	$	767,757

The following table summarizes the components of the purchase price of Viking:

Working capital advances made to Viking prior to the date of acquisition	$	127,757
Fair value of common stock issued		128,000
Fair value of common stock obligated to be issued		512,000
Total purchase price	$	767,757

Note 5. Debt

Total debt at July 31, 2005 and April 30, 2005 consists of the following:

	July 31, 2005		April 30, 2005	
Lines-of-credit	$	4,221,244	$	3,871,244
Production payments payable		305,504		305,504
Other notes payable, net of discount		1,744,943		1,377,333
		6,271,691		5,554,081
Less current portion	(	2,646,984)	(	1,929,374)
	$	3,624,707	$	3,624,707

Lines of Credit

The Company has a $10.0 million revolving credit line with an entity controlled by the brother of the Company's president. The borrowing base under this revolving credit line is $3,624,707 at July 31, 2005, which is equal to the outstanding balance at that time and cannot be increased without the consent of the lender. The line of credit is secured by all of the Company's oil and natural gas properties and bears interest at the rate of 7.5%. Accrued interest on the line of credit totaled $68,522 at July 31, 2005. Under its terms, the line of credit accrues interest through October 31, 2005, at which time interest will be due monthly. Beginning in November 2006, the principal balance outstanding under the line of credit converts to a term note and is payable in 48 equal monthly installments along with current interest.

On April 8, 2004, the Company entered into a $250,000 revolving credit agreement with Hibernia Bank. The note has been guaranteed by a private investor who received 100,000 shares of the Company's common stock with a fair value of $49,000 as consideration for such guarantee. The fair value of the common stock was expensed when incurred. Interest on this note is payable monthly at a floating rate of prime plus 1.097% (7.347% and 6.847% at July 31, 2005 and April 30, 2005, respectively.) The outstanding balance under the note, which was $246,537 at July 31, 2005 and April 30, 2005, is due upon demand.

On June 21, 2005, the Company entered into a $500,000 revolving credit agreement with Bank of Texas. The note was guaranteed by a private investor who is to receive 200,000 shares of the Company's common stock and warrants to purchase 100,000 shares of the Company's common stock at $0.50. The value of the common stock and warrants, which is $88,490, has been included in deferred loan costs and is being amortized over the life of the loan. At July 31, 2005, the 200,000 shares of common stock remained unissued, however the fair value has been included in stockholders' equity. Interest on this note is payable quarterly at the prime rate, which was 6.00% at July 31, 2005. The note has a balance of $350,000 at July 31, 2005 and matures on June 20, 2006.

Other Notes Payable

Included in other notes payable are unsecured 9% to 10% notes issued to vendors in settlement of accounts payable. Certain of the notes are past their due dates and are due on demand. These notes totaled $42,842 at July 31, 2005 and April 30, 2005.

In March, 2004, the Company issued a $150,000 note payable to Mustang Island Gathering, LLC (the "LLC") for indemnification of litigation settlement costs. Mustang Island Gathering, LLC purchases the natural gas produced from the Company's Mustang Island property, and the Company is an approximate 10% owner in the LLC. The note is payable in monthly installments, with interest at 4.5%, at the rate of $0.03 per MCF of natural gas purchased, beginning with April 2004 production The balance due under the note was $88,692 and $96,220 at July 31, 2005 and April 30, 2005, respectively.

During December 2003 and January 2004, the Company issued a series of 12% notes totaling $40,000 to investors for working capital loans. The Company also issued the investors 40,000 shares of its common stock. The stock issued was recorded at its fair market value of $27,600 and treated as deferred loan cost which was amortized over four months. The notes were due on dates ranging from April 29, 2004 to May 26, 2004 and were in default. These notes were subject to a demand for payment at any time. However, The Company subsequently reached agreement with the investors to extend the due dates of the notes to dates ranging from April 29, 2005 to May 26, 2005 in return for the issuance of 28,250 shares of its common stock and warrants to purchase 5,000 shares of the Company's common stock at $0.50 per share which expire on January 26, 2006. The stock and warrants issued were recorded at their fair market value of $17,048 and treated as deferred loan cost which is being amortized over one year. During June 2005, the Company reached agreements with the holders of notes totaling $30,000 to further extend the maturity dates of the notes to December 31, 2005 in return for the issuance of 18,000 shares of the Company's common stock. The stock was recorded at its fair market value of $5,220 and treated as deferred loan cost which is being amortized over the terms of the extensions. At July 31, 2005, the 18,000 shares of common stock remained unissued, however their fair value has been included in stockholders' equity. In July 2005, the Company paid the remaining $10,000 principal balance and $1,792 in accrued interest on the only note which was not extended. Accrued interest on these notes totaled $5,642 and $6,276 at July 31, 2005 and April 30, 2005, respectively.

During March 2005, the Company issued a $250,000 unsecured note payable to a private investor. The note bears interest at 12% and the principal and accrued interest is due in one payment upon the demand of the holder. The note provided for the issuance to the investor of 50,000 shares of the Company's common stock and warrants to purchase 40,000 shares of the Company's common stock at $0.50 per share which expire on March 10, 2007. The common stock and warrants were recorded at their fair value of $33,516 and treated as a debt discount which was immediately amortized into interest expense. Accrued interest on the note totaled $11,753 and $4,192 at July 31, 2005 and April 30, 2005, respectively.

During the period June 2004 through April 2005, the Company issued a series of 12% notes totaling $1,085,667 to private investors for working capital purposes. The notes also provided for the issuance to the investors of 557,767 shares of its common stock and warrants to purchase 252,633 shares of the Company's common stock at $0.50 per share which expire on dates ranging from June 18, 2006 to April 27, 2007. The common stock and warrants were recorded at their fair value of $399,610 and treated as a debt discount which is being amortized over the term of the loan. At July 31, 2005 and April 30, 2005, 60,000 and 165,267 shares of the common stock remained unissued, however their fair value was included in stockholders' equity. Interest on the notes is payable quarterly and the principal balances had original maturity dates ranging from June 18, 2005 to December 31, 2005. Accrued interest on the notes totaled $69,810 and $63,027 at July 31, 2005 and April 30, 2005, respectively. Unamortized debt discount was $38,630 and $87,397 at July 31, 2005 and April 30, 2005, respectively. The Company subsequently reached agreement with certain of the investors to extend the due dates of the notes to dates ranging from March 2, 2005 to June 8, 2005 in return for the issuance of 195,000 shares of its common stock and warrants to purchase 40,000 shares of the Company's common stock at $0.50 per share which expire on dates ranging from March 2, 2007 to March 8, 2007. The stock and warrants issued were recorded at their fair market value of $77,414 and treated as deferred loan cost which is being amortized over the term of the extension. In June 2005, the Company reached agreements to further extend the maturity dates of all of the 12% notes to investors that had matured, to December 31, 2005 in return for the issuance of 197,500 shares of its common stock and warrants to purchase 105,000 shares of the Company's common stock at $0.50 per share which expire in June 2007. The stock and warrants issued were recorded at their fair market value of $71,655 and treated as deferred loan cost which is being amortized over the term of the extension. At July 31, 2005, 85,000 shares of the common stock remain unissued, however their fair value was included in stockholders' equity.

During the period May 2005 through July 2005, the Company issued a series of 12% notes totaling $351,466 to private investors for working capital purposes. The notes also provided for the issuance to the investors of 180,586 shares of its common stock and warrants to purchase 90,293 shares of the Company's common stock at $0.50 per share which expire on dates ranging from May 2, 2007 to July 27, 2007. The common stock and warrants were recorded at their fair value of $79,761 and treated as a debt discount which is being amortized over the term of the loan. At July 31, 2005, 50,586 shares of the common stock remain unissued, however their fair value was included in stockholders' equity. Interest on the notes is payable quarterly and the principal balances mature on December 31, 2005. Accrued interest on the notes totaled $5,945 on July 31, 2005. Unamortized debt discount was $65,094 at July 31, 2005.

Production Payments Payable

During October and November of 2000, the Company issued 31,687 shares of its common stock and undivided working interests, ranging from 3.7% to 4.4%, in three nonproducing wells in the Mustang Island Field to private investors for total cash consideration of $254,000. The proceeds were used to fund development of the wells. The investors are entitled to recoup their investment out of 100% of the future production, if any, from the wells. These transactions were treated, by the Company, as loans repayable out of production from designated wells for accounting purposes. The stock issued was recorded at its fair market value as a loan cost which has been fully amortized. The production loans began accruing interest on January 1, 2001 at 5.25% and accrued interest on the loans totaled $2,094 and $1,992 at July 31, 2005 and April 30, 2005, respectively. Although certain of the wells covered by the production loans have been producing, the Company has not made any principal payments under the loans. In January and February of 2004, the Company issued the holders of the production loans 100,000 shares of the Company's common stock in return for their forbearance under the production loans until the earlier of the first month following the month in which the Company has positive cash flow or August 1, 2004. The stock issued was recorded at its fair market value of $57,500 and treated as deferred loan cost which was amortized over six months. In December of 2004, the Company reached an agreement with the holders of the loans to increase the interest rate to 6%, begin paying interest monthly on the loans and to convert the accrued interest of $51,503 into principal. Negotiations between the Company and the holders of the loans are being held on further restructuring of the terms of the loans. However, there can be no assurance that any such restructuring will occur.

In December 2000, the Company issued an undivided 10% interest in six wells located in the Mustang Island Field to Old Jersey Oil Ventures, LLC for cash consideration of $1,000,000. The brother of the president of the Company is a principal in Old Jersey Oil Ventures, LLC. Old Jersey Oil Ventures, LLC is entitled to recoup its investment out of future production from the wells in the Mustang Island Field. The transaction was treated, by the Company, as a loan repayable out of production from designated wells for accounting purposes. The production loan began accruing interest on January 1, 2001 at 5.25%. In March, 2004, the Company issued Old Jersey Oil Ventures, LLC 400,000 shares of the Company's common stock in return for forbearance under the production payment until the earlier of the first month following the month in which the Company has positive cash flow or August 1, 2004. The stock issued was recorded at its fair market value of $176,000 and treated as a deferred loan cost which was amortized over five months. On April 30, 2005, the production payment and $240,438 in accrued interest was transferred into the Company's line of credit with Old Jersey Oil Ventures, LLC.

Note 6. Asset Retirement Obligations

Beginning in fiscal 2004, SFAS No. 143 requires the Company to recognize an estimated liability for the plugging and abandonment of its oil and natural gas wells and associated pipelines, platforms, and equipment. This statement requires the Company to record a liability in the period in which its asset retirement obligation ("ARO") is incurred. Upon initial recognition of the liability, the Company must capitalize a corresponding asset cost equal to the amount of the liability. Upon adoption of SFAS No. 143 the Company recognized (1) a liability for any existing ARO's, (2) corresponding capitalized cost related to the liability, (3) accumulated depletion, depreciation and amortization on that capitalized cost, and (4) a cumulative effect of accounting change.

The estimated liability is based on historical experience in plugging and abandoning wells and associated pipelines, platforms, and equipment, estimated remaining lives of those wells based on reserve estimates and federal and state regulatory requirements. The liability is discounted using an assumed credit-adjusted risk-free rate of 7.5%. Revisions to the liability could occur due to changes in estimates of plugging and abandonment costs, changes in the risk-free rate or remaining lives of the wells, or if federal or state regulators enact new plugging and abandonment requirements. At the time the abandonment cost is incurred, the Company will be required to recognize a gain or loss if the actual costs do not equal the estimated costs included in the ARO.

The adoption of SFAS No. 143 was effective beginning May 1, 2003 and resulted in an adjustment to record (1) an $1,084,028 ARO, (2) a $850,194 increase in the carrying value of proved properties, (3) a $41,699 increase in accumulated depletion, and (4) a $275,533 one-time cumulative effect of change in accounting principle.

The following table describes all changes to the Company's ARO liability:

	Three Months Ended July 31,	
	2005	**2004**
Beginning asset retirement obligations	$ 1,232,297	$ 1,165,330
Accretion expense	23,105	21,850
Ending asset retirement obligations	$ 1,255,402	$ 1,187,180

Note 7. Commitments and Contingencies

The Texas Railroad Commission declined a request by the Company for a reduction in bonding requirements which were recently increased by the State of Texas for operators of certain wells located in offshore and bay State of Texas waters. The Company is working on obtaining a bond at this increased level but does not have such bond in place at this time. The Company has requested reconsideration by the Texas Railroad Commission of this decision and such request has been granted. Until a final decision in this matter, the Company will be allowed to continue its operations under its current bond. Should the Company not be successful in reducing the bond level, or in the alternative obtaining a bond at the increased level, or provide other satisfactory security the Company could outsource offshore operations of the property.

In June 2001, the Company entered into a long-term lease for office space with an annual rent of $65,124. Rent expense for the three months ended July 31, 2005 and 2004 was $16,281. As of July 31, 2005, future minimum lease payments under this lease were as follows:

Fiscal Year Ended April 30,	
2006	48,843
2007	16,281
Total	$ 65,124

As a member of Mustang Island Gathering, LLC, a Texas limited liability company and pipeline operator, the Company has been required to guarantee a portion of the LLC's bank debt, which is approximately $1.1 million in the aggregate**.** The Company's share of such guarantee is approximately $40,000. Due to positive financial performance of the pipeline, the likelihood that the Company will be required to perform under this guarantee is remote thus no amount is recorded to reflect the obligation under this guarantee.

Subsequent to June 1, 2006, ARCOA shall have the right to convert its net profits interest into common stock of the Company at a conversion rate of $1.25 per share. The value of the net profits interest will be determined based upon the net cash flows attributable to the reserves, discounted at 15%.

As a condition to the acquisition of Viking, which was effective July 29 2005, the Company is obligated to issue to the stockholders of Viking an additional 1.6 million shares of common stock if certain defined goals are met or six months from the acquisition date, unless there is a foreclosure on the assets of Viking's interest in the gas fields.

From time to time, the Company is party to certain legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not expect these matters to have a materially adverse effect on the financial position of the Company.

The operations and financial position of the Company continue to be affected from time to time in varying degrees by domestic and political developments as well as legislation and regulations pertaining to restrictions on oil and natural gas production, natural gas regulation, tax increases, environmental regulations and cancellation of contract rights. Both the likelihood and overall effect of such occurrences on the Company vary greatly and are not predictable.

Note 8. Stockholder's Equity

Preferred Stock

The Company is authorized to issue 3,000 shares of Class A-1 Cumulative Convertible Preferred Stock (Class A-1 Preferred Stock). Class A-1 Preferred Stock was issued for $1,000 per share and is entitled to receive cumulative cash dividends at the annual rate of 8% payable annually in arrears commencing December 1, 2001 when and as declared by the Board of Directors. All shares of Class A-1 Preferred Stock were issued to the Company's secured lender on December 27, 2000 as consideration for a $3,000,000 reduction in the Company's secured indebtedness. On January 16, 2003 all shares of the Class A-1 Preferred Stock, and accrued and unpaid dividends in the amount of $510,000 were converted into 2,361,439 shares of the Company's common stock. On August 8, 2003, the Company completed a transaction with Wachovia Bank whereby the Company acquired all of the bank's holdings in VTEX Energy, Inc. securities, which consisted of 2,369,033 shares of the Company's common stock, and received cancellation of a $250,000 note payable to the bank in return for a payment of $50,000 and warrants to purchase up to 250,000 shares of the Company's common stock at $0.10 per share until August 8, 2006. The warrants were valued at $200,000, which approximates their fair value using the Black-Scholes option pricing model. These warrants were recorded as additional paid in capital. As of July 31, 2005 and April 30, 2005, there were no shares of Class A-1 Preferred Stock issued or outstanding.

The Company is authorized to issue 500,000 shares of Class AA-1 Cumulative Convertible Preferred Stock (Class AA-1 Preferred Stock). Class AA-1 Preferred Stock has a par value of $0.01 per share and is entitled to receive cumulative dividends at the rate of 10% payable annually in shares of Class AA-1 Preferred Stock (or 39,588 shares) when and as declared by the Board of Directors. At July 31, 2005, no dividends have been declared. The aggregate amount of cumulative dividend shares in arrears was approximately 51,100 and 41,200 at July 31, 2005 and April 30, 2005, respectively. All shares of Class AA-1 Preferred Stock were issued to holders of judgment liens against the Company, in the amount of $395,879, on April 15, 2004 and remain outstanding. The holders of the Class AA-1 Preferred Stock are, upon the liquidation of the Company, entitled to receive $1.00 per share. Alternatively, and at the sole option of the holders, the holders of the Class AA-1 Preferred Stock, upon the liquidation of the Company, may retain the rights provided under the original judgment liens. The Class AA-1 Preferred Stock is redeemable in whole or in part at any time, at the option of the Company, at $1.00 per share. The holders of the Class AA-1 Preferred Stock are entitled to a 20 day written notice of the Company's intent to redeem and the opportunity to convert the Class AA-1 Preferred Stock into common stock of the Company. The Class AA-1 Preferred Stock is convertible by the holder into common stock of the Company at any time. Each share of Class AA-1 Preferred Stock is convertible into one share of the Company's common stock, adjusted for stock dividends and stock splits. The holders of Class AA-1 Preferred Stock have no voting rights except as expressly required by Nevada law. The Class AA-1 Preferred Stock is senior to all other series of preferred stock and all of the Company's common stock.

The Company is authorized to issue 500,000 shares of Class B Preferred Stock, par value $0.001 per share. The holders of Class B Preferred Stock are not entitled to receive any dividends. As of July 31, 2005 and April 30, 2005, 500,000 shares of the Class B Preferred Stock were issued and outstanding. The Class B Preferred Stock is redeemable in whole, but not in part, at the option of the Company by resolution of the Company's Board of Directors at anytime at $1.00 per share. Each share of Class B Preferred Stock has voting rights equal to 100 shares of the Company's common stock. The holders of Class B shares are entitled to elect at least two directors to the Board of Directors of the Company. The holders of Class B Preferred Stock voting as a class will have the right to remove without cause at any time and replace any director such holders have elected.

Common Stock

The Company has 150,000,000 shares of authorized $0.001 par value common stock, of which 10,785,992 and 9,769,989 shares were issued and outstanding at July 31, 2005 and April 30, 2005, respectively.

During the three months ended July 31, 2005, the Company issued 37,465 shares of its common stock having a fair value of $10,700 for services. In addition, the Company is obligated to issue an additional 37,700 shares of its common stock under the terms of consulting agreements. The unissued common stock has a fair value of $10,794 which has been expensed and included in stockholders' equity. The Company also issued 125,771 shares of its common stock for services which had been performed prior to April 30, 2005 and whose value was included in stockholders' equity at April 30, 2005.

During the three months ended July 31, 2005, the Company issued 130,000 shares of its common stock having a fair value of $37,900 to investors under the terms of notes payable. In addition, the Company is obligated to issue an additional 50,586 shares of its common stock to investors under the terms of notes payable. The unissued common stock has a fair value of $16,187 which has been included in stockholders' equity. The Company also issued 105,267 shares of its common stock under the terms of notes payable for which the obligation of issuance arose prior to April 30, 2005 and whose value was included in stockholders' equity at April 30, 2005.

During the three months ended July 31, 2005, the Company issued 112,500 shares of its common stock having a fair value of $32,625 to investors in order to extend the due dates of notes payable. In addition, the Company is obligated to issue an additional 103,000 shares of its common stock to investors under the terms extensions of notes payable. The unissued common stock has a fair value of $29,120 which has been included in stockholders' equity. The Company also issued 105,000 shares of its common stock under the terms of extensions of notes payable for which the obligation of issuance arose prior to April 30, 2005 and whose value was included in stockholders' equity at April 30, 2005.

On July 29, 2005, the Company issued 400,000 shares of its common stock, valued at $128,000, to the shareholders of Viking in exchange for all of its outstanding shares (see Note 4).

Stock Options and Warrants

As of April 30, 2005, the Company had granted options to certain key employees to purchase 69,336 shares of the Company's common stock at purchase prices ranging from $4.50 to $6.90 per share. On August 25, 2005, 62,669 of the options expired without being exercised. The remaining 6,667 options expire on March 1, 2006 and are non-transferable.

On July 29, 2005, in conjunction with changes in the Company's executive management and board of directors, the Company issued options to purchase 4,000,000 of its common stock at $0.50 per share to certain of the Company's executive officers and directors. The options expire on July 29, 2015 and are fully vested. The fair value of the options was $1,280,000 on the date of grant, and such amount was charged to expense during the quarter ended July 31, 2005.

The options, which were issued at a price equal to or exceeding the market value of the underlying stock on the date of the grant, are not intended to qualify as incentive stock options under Internal Revenue Code Section 422. The Company follows the provisions of SFAS No. 123 recording the fair value of common stock options on the date of grant using a Black Scholes option pricing model. The amounts are charged to expense over the vesting period, which is usually the service period.

In August 2003 the Company issued warrants to the former holder of its line of credit to purchase 250,000 shares of the Company's common stock at a purchase price of $0.10 per share. The warrants expire on August 8, 2006 and are transferable.

As of April 30, 2005, the Company had granted various other warrants to purchase 2,337,633 shares of its common stock at $0.50 per share. Such warrants expire on dates ranging from January 26, 2006 to April 27, 2007.

During the three months ended July 31, 2005, the Company issued warrants to purchase 245,293 shares of its common stock at $0.50 per share to investors under the terms of notes payable and for extensions to the maturity dates of notes payable. The warrants had a fair value of $69,294 and expire on dates ranging from May 2, 2007 to June 27, 2007.

Stock Appreciation Rights

On December 5, 2003, the Company granted stock appreciation rights on 1,000,000 shares of the Company's common stock to a former officer and director of the Company in exchange for the cancellation of $503,975 in debt. Such debt consisted of $397,092 in advances made to the Company and $106,883 in accrued salary. The stock appreciation rights were fully vested upon issuance, had a grant price of $0.10 per share and expire on December 5, 2013. The exercise price of the stock appreciation rights is equal to the average of the means between the high and low trading prices of the Company's common stock for the ten consecutive trading days immediately preceding the date of exercise. Upon the exercise of the stock appreciation rights, the grantee is due the difference between the exercise price and the grant price multiplied by the number of stock appreciation rights being exercised. The Company, at its sole option, may elect to pay the grantee in shares of the Company's common stock valued at the exercise price. The stock appreciation rights were valued at $240,000, on the date of grant, using the Black-Scholes option pricing model and were included in stockholders' equity at that time. The difference between the value of the stock appreciation rights and the debt cancelled has been recorded as a contribution of capital. As of July 31, 2005, there remain no stock appreciation rights to be exercised. The Company has elected to pay all of the stock appreciation rights by the issuance of the Company's common stock.

Note 9. Related Party Transactions

From time to time, officers, directors and shareholders of the Company make unsecured advances to the Company. The Company made repayments of such advances in the amount of $12,500 and $7,500 during the three months ended July 31, 2005 and 2004, respectively. As of July 31, 2005, all such advances to the Company had been repaid.

The Company is obligated under a line of credit to an entity controlled by the brother of the Company's president. At July 31, 2005 and April 30, 2004, the balance due under line of credit was $3,624,707. The line of credit is secured by all of the Company's oil and natural gas properties and bears interest at the rate of 7.5%. Accrued interest on the line of credit totaled $68,522 at July 31, 2005. Under its terms, the line of credit accrues interest through October 31, 2005, at which time interest will be due monthly. Beginning in November 2006, the principal balance outstanding under the line of credit converts to a term note and is payable in 48 equal monthly installments along with current interest.

The Company was obligated under a production payment to an entity whose principal is the brother of the Company's president. On April 30, 2005, the balance due under such production payment, of $934,518, and accrued interest of $386,703 was transferred to the Company's line of credit with the same entity.

In March, 2004, the Company issued a $150,000 note payable to Mustang Island Gathering, LLC for indemnification of litigation settlement costs. Mustang Island Gathering, LLC purchases the natural gas produced from the Company's Mustang Island property, and the Company is an approximate 10% owner in the LLC. The note is payable in monthly installments, with interest at 4.5%, at the rate of $0.03 per MCF of natural gas purchased, beginning with April 2004 production. The balance due under the note was $88,692 and $96,220 at July 31, 2005 and April 30, 2005, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of significant factors that have affected certain aspects of our financial position and operating results during the periods included in the accompanying unaudited condensed consolidated financial statements. This discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements included elsewhere in this Form 10-QSB and with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements included in our annual report on Form 10-KSB for the year ended April 30, 2005.

Forward-Looking Statements

The statements contained in all parts of this document, including, but not limited to, those relating to our outlook, including any expectations regarding increases in our liquidity or available credit, our ability to access the capital markets to raise additional capital, our drilling plans, capital expenditures, future capabilities, the sufficiency of capital resources and liquidity to support working capital and capital expenditure requirements, reinvestment of cash flows, use of NOLs, tax rates, the outcome of litigation and audits, and any other statements regarding future operations, financial results, business plans, sources of liquidity and cash needs and other statements that are not historical facts are forward looking statements. When used in this document, the words "anticipate," "estimate," "expect," "may," "project," "believe," "budgeted," "intend," "plan," "potential," "forecast," "might," "predict," "should" and similar expressions are intended to be among the statements that identify forward looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to the results of and our dependence on our exploratory and development drilling activities, the volatility of oil and natural gas prices, the need to replace reserves depleted by production, operating risks of oil and natural gas operations, our dependence on key personnel, our reliance on technological development and possible obsolescence of the technology currently used by us, the significant capital requirements of our exploration and development and technology development programs, the potential impact of government regulations and liability for environmental matters, results of litigation and audits, expansion of our capital budgets, our ability to manage our growth and achieve our business strategy, competition from larger oil and natural gas companies, the uncertainty of reserve information and future net revenue estimates, property acquisition risks and other factors detailed in this Form 10-QSB for the quarterly period ended July 31, 2005 and in our

Form 10-KSB for the year ended April 30, 2005 and other filings with the SEC ("SEC"). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the Company or the persons acting on its behalf are expressly qualified in their entirety by the reference to these risks and uncertainties.

General Overview

VTEX Energy, Inc., a Nevada corporation (the "Company"), is an independent oil and natural gas company engaged in acquiring, exploiting, developing and operating oil and natural gas properties, with a focus on Texas and Louisiana. The Company has two wholly owned subsidiaries, Vector Exploration, Inc. and Viking Petroleum International, PLC, and is headquartered in Houston, Texas.

The Company was incorporated under the laws of the State of Texas on June 18, 1998 as Vector Energy Corporation ("Vector") which was a wholly owned subsidiary of Sunburst Acquisitions II, Inc. ("Sunburst"). Vector was formed for the purpose of completing a reverse merger with Sunburst in order to change Sunburst's name to Vector Energy Corporation and its state of incorporation from Colorado to Texas. This merger was completed on June 19, 1998. Effective November 15, 2002, the Company was reincorporated in Nevada. The reincorporation was effected by the merger of Vector with and into a newly created, wholly owned subsidiary, VTEX Energy, Inc., a Nevada Corporation, which became the surviving entity.

From its inception through March 2000, the Company consummated a series of oil and natural gas property acquisitions in Texas, Louisiana and Oklahoma. These acquisitions were funded primarily through the issuance of the Company's stock and the Company's assumption of debt and other liabilities. The properties acquired were a combination of producing properties and properties considered to have future development potential.

A lack of working capital and the service requirements of the debt assumed by the Company in its acquisitions prevented the Company from fully developing the properties it had acquired. Accordingly, the Company identified those properties that had the most potential for future development, and beginning in July 2002 began selling its non core non strategic oil and natural gas properties. The proceeds from the property sales allowed the Company to reduce and restructure its debt, while retaining enough capital to begin development of the properties retained.

The estimated proved oil and natural gas reserves of the Company at April 30, 2005 were 103,000 barrels of crude oil and condensate and 9,424,000 Mcf (thousand cubic feet) of natural gas. These reserves have an estimated $30 million in future net cash flow, discounted at 10%. Of these reserves, an estimated 50,000 barrels of crude oil and condensate and 4,130,000 MCF of natural gas with an estimated $13 million in future net cash flow, discounted at 10%, are considered to be proved developed. The Company's reserves are located in two fields, Bateman Lake and Mustang Island 818-L.

Field	Location	Percent of April 30, 2005 Estimated Future Net Cash Flows Discounted at 10%	Percent of Revenue Three Months Ended July 31, 2005	Percent of Revenue Three Months Ended July 31, 2004
Bateman Lake	St. Mary Parish, Louisiana	66.62%	1.04%	16.50%
Mustang Island 818-L	State Waters Offshore Texas	33.38%	98.96%	83.50%

Results of Operations

Three Months Ended July 31, 2005 Compared to Three Months Ended July 31, 2004

Oil and natural gas revenues for the three months ended July 31, 2005 decreased 55% to $199,714, compared to $441,807 for the same period in fiscal 2005. Production volumes for natural gas during the three months ended July 31, 2005 decreased 44%, to 34,174 Mcf, compared to 60,982 Mcf for the three months ended July 31, 2004. Average natural gas prices for the three months ended July 31, 2005 decreased 7% to $5.84 per Mcf, compared to $6.30 per Mcf for the same period in fiscal 2005. Production volumes for oil for the three months ended July 31, 2005 decreased 100% from 1,628 barrels produced during the three months ended July 31, 2004. Average oil prices for the three months ended July 31, 2004 were $35.21 per barrel. The decrease in oil and natural gas production was primarily due to the main oil producing wells at both the Bateman Lake Field and the Mustang Island Field being shut-in pending completion of certain repairs.

The following table summarizes production volumes, average sales prices and operating revenues for the Company's oil and natural gas operations for the three months ended July 31, 2005 and 2004.

	Quarter Ended July 31,		2006 Period Compared to 2005 Period	
	2005	2004	Increase (Decrease)	% Increase (Decrease)
Production volumes -				
Oil (Bbls)	-	1,628	(1,628)	(100%)
Natural Gas (Mcf)	34,174	60,982	(26,808)	(44%)
Average sales prices -				
Oil (per Bbl)	$ -	$ 35.21	$ (35.21)	(100%)
Natural gas (per Mcf)	5.84	6.30	(0.46)	(7%)
Operating revenue				
Oil	$ -	$ 57,321	$ (57,321)	(100%)
Natural gas	199,714	384,486	(184,772)	(48%)
	$ 199,714	$ 441,807	$ (242,093)	(55%)

Production expenses for the three months ended July 31, 2005 decreased 25% to $139,313 compared to $185,294 for the same period in fiscal 2005. Production expense per equivalent unit increased to $4.08 per Mcfe for the three months ended July 31, 2005 compared to $2.62 in the same period in fiscal 2005. This increase in production expense per Mcfe is caused by the effect of fixed lease operating expenses combined with a decrease in production volumes.

Depreciation and depletion expense decreased from $79,869 for the three months ended July 31, 2004 to $58,682 for the three months ended July 31, 2005. This 27% decrease was primarily due to a 52% decrease in Mcfe production volumes partially offset by a negative revision in reserve volume estimates since April 30, 2004 which increased the depletion rate on an Mcfe basis.

General and Administrative expenses for the three months ended July 31, 2005 increased by $1,365,469 to $1,784,510 compared to $419,041 for the three months ended July 31, 2004. The increase was primarily due to the fair value of stock options issued to executive officers and directors of $1,280,000 which was expensed in the first quarter of fiscal 2006. The remaining increase in general and administrative expense is due to professional fees incurred by the Company which increased from $4,080 for the three months ended July 31, 2004 to $84,035 for the three months ended July 31, 2005. This increase is due primarily to increased cost of the Company's annual audit and quarterly reviews.

Accretion expense for the three months ended July 31, 2005 increased by $1,255 to $23,105 compared to $21,850 for the three months ended July 31, 2004. This increase was due to the normal compound effect of the discount factor attributable to the Company's asset retirement obligation.

Interest expense for the three months ended July 31, 2005 increased by 14% to $235,079 from $205,684 for the same period in fiscal 2005. The increase in interest expense was due primarily to an increase in weighted average debt from $3,529,616 for the three months ended July 31, 2004 to $5,843,577 for the three months ended July 31, 2005. The impact on interest expense resulting from the increase in debt was partially offset by a decrease in amortization of loan discount and deferred loan costs from $144,069 for the three months ended July 31, 2004 to $108,116 for the three months ended July 31, 2005.

Financial Condition and Capital Resources

Since its inception, the Company has suffered recurring losses from operations and has been dependent on existing stockholders and new investors to provide the cash resources to sustain its operations. During the three months ended July 31, 2005 and 2004, the Company reported losses of approximately $2,038,000 and $464,000, respectively. The Company's continuing negative operating results have produced a working capital deficit of approximately $5,215,000 at July 31, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's long-term viability as a going concern is dependent upon the Company's ability to obtain sources of outside financing to support near term operations and to allow the Company to make strategic investments in new oil and natural gas prospects which will provide the Company the ability to increase revenue and profitability and sustain a cash flow level that will ensure support for continuing operations.

For the past three months, the Company's oil and natural gas revenues have been sufficient to satisfy its oil and natural gas operating expenses and a portion of its general and administrative expenses. The Company has funded the remainder of its general and administrative expenses and the development of its oil and natural gas properties through additional borrowings under its lines of credit and through short term investor notes. Additional equity funding will be required in the near term to meet the capital needs of the Company. The Company is evaluating various financing alternatives such as the issuance of debt, private placements of its common and preferred stock, sales of interests in some of its oil and natural gas properties and joint ventures with industry partners. There is no guarantee that the Company will be successful in obtaining such financing, or that the terms of any financing obtained will be on terms favorable to the Company. Any inability of the Company to raise additional capital will limit the development of most of its oil and natural gas properties and may prevent the Company from meeting its cash requirements. If the wells which are currently being brought into production through development and workovers perform as expected additional cash flows may be available; however, there is no assurance that such cash flows will in fact be available or that the wells will, in fact, perform as expected. In the absence of such well performance or financing, the company will not be able to meet its financial obligations.

The Texas Railroad Commission declined a request by the Company for a reduction in bonding requirements which were recently increased by the State of Texas for operators of certain wells located in offshore and bay State of Texas waters. The Company is working on obtaining a bond at this increased level but does not have such bond in place at this time. The Company has requested reconsideration by the Texas Railroad Commission of this decision and such request has been granted. Until a final decision in this matter, the Company will be allowed to continue its operations under its current bond. Should the Company not be successful in reducing the bond level, or in the alternative obtaining a bond at the increased level, or provide other satisfactory security the Company could outsource offshore operations of the property.

The Company is currently negotiating with many of the vendors for which accounts payable were assumed in prior asset acquisition transactions, and believes that a significant portion of these payables can be satisfied through the issuance of common stock.

Financing Arrangements

The Company has a $10.0 million revolving credit line with an entity controlled by the brother of the Company’s president. The borrowing base under this revolving credit line is $3,624,707 at July 31, 2005, which is equal to the outstanding balance at that time and cannot be increased without the consent of the lender. The line of credit is secured by all of the Company’s oil and natural gas properties and bears interest at the rate of 7.5%. Accrued interest on the line of credit totaled $68,522 at July 31, 2005. Under its terms, the line of credit accrues interest through October 31, 2005, at which time interest will be due monthly. Beginning in November 2006, the principal balance outstanding under the line of credit converts to a term note and is payable in 48 equal monthly installments along with current interest.

On April 8, 2004, the Company entered into a $250,000 revolving credit agreement with Hibernia Bank. The note has been guaranteed by a private investor who received 100,000 shares of the Company’s common stock with a fair value of $49,000 as consideration for such guarantee. The fair value of the common stock was expensed when incurred. Interest on this note is payable monthly at a floating rate of prime plus 1.097% (7.347% and 6.847% at July 31, 2005 and April 30, 2005, respectively.) The outstanding balance under the note, which was $246,537 at July 31, 2005 and April 30, 2005, is due upon demand.

On June 21, 2005, the Company entered into a $500,000 revolving credit agreement with Bank of Texas. The note was guaranteed by a private investor who is to receive 200,000 shares of the Company’s common stock and warrants to purchase 100,000 shares of the Company’s common stock at $0.50. The value of the common stock and warrants, which is $88,490, has been included in deferred loan costs and is being amortized over the life of the loan. At July 31, 2005, the 200,000 shares of common stock remained unissued, however the fair value has been included in stockholders’ equity. Interest on this note is payable quarterly at the prime rate, which was 6.00% at July 31, 2005. The note has a balance of $350,000 at July 31, 2005 and matures on June 20, 2006.

The Company has outstanding production payments in the amount of $305,504 at July 31, 2005. The holders of such production payments have agreed to a temporary forbearance of the Company's obligation. If such forbearance is not continued, the Company will be required to remit the revenue from a substantial portion of the Company's production.

From time to time the Company incurs notes payable to settle outstanding accounts payable and other liabilities, finance expenditures and generate working capital. The balances of such notes payable were $1,744,943 and $1,377,333 at July 31, 2005 and April 30, 2005, respectively.

As a member of Mustang Island Gathering, LLC (the "LLC"), a Texas limited liability company and pipeline operator, the Company has been required to guarantee a portion of the LLC's bank debt, which is approximately $1.1 million in the aggregate**.** The Company's share of such guarantee is approximately $40,000. Due to the financial performance of the pipeline, the likelihood that the Company will be required to perform under this guarantee is remote thus no amount is recorded to reflect the obligation under this guarantee.

Net Cash Provided by Operating Activities

Cash flows used in operating activities were $772,176 for the three months ended July 31, 2005 as compared to $243,380 provided by operating activities for the three months ended July 31, 2004. This decrease was primarily due to the Company beginning to utilize some of the working capital raised by debt offerings to pay past operating costs which had been deferred, combined with a decrease in oil and natural gas revenues and an increase in professional fees incurred.

Net Cash Used in Investing Activities

Cash flows provided by investing activities was $120,920 for the three months ended July 31, 2005 as compared to cash flows used by investing activities of $397,132 for the three months ended July 31, 2004. This increase was due primarily to a decrease of $423,227 in oil and natural gas capital expenditures incurred related to workovers and a recompletion performed on three wells in the Bateman Lake field. In addition, the Company had proceeds from the sale of oil and natural gas properties of $270,000 during the three months ended July 31, 2005.

Net Cash Provided by Financing Activities

Net cash flows provided by financing activities totaled $694,971 for the three months ended July 31, 2005 primarily from borrowings under a new line of credit from a bank and notes payable to investors combined totaling $775,000 offset by debt repayments totaling $80,029. Net cash provided from financing activities totaled $134,993 for the three months ended July 31, 2004 primarily from borrowings under a new line of credit from a bank and notes payable to investors totaling $199,300 offset by the net repayments of debt totaling $64,307.

Critical Accounting Policies

The following summarizes several of our critical accounting policies:

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. The use of these estimates significantly affects natural gas and oil properties through depletion and the full cost ceiling test, as discussed in more detail below.

Oil and Natural Gas Properties

We account for investments in natural gas and oil properties using the full-cost method of accounting. All costs directly associated with the acquisition, exploration and development of natural gas and oil properties are capitalized. These costs include lease acquisitions, seismic surveys, and drilling and completion equipment. We expense maintenance and repairs as they are incurred.

We amortize natural gas and oil properties based on the unit-of-production method using estimates of proved reserve quantities. The amortizable base includes estimated future development costs and, where significant, dismantlement, restoration and abandonment costs, net of estimated salvage values. The depletion rates per Mcfe for the three months ended July 31, 2005 and 2004 were $1.60 and $1.07, respectively.

We account for dispositions of natural gas and oil properties as adjustments to capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves. We have not had any transactions that significantly alter that relationship.

The net capitalized costs of proved oil and natural gas properties are subject to a "ceiling test" which limits such costs to the estimated present value, discounted at a 10% interest rate, of future net revenues from proved reserves, based on current economic and operating conditions. If net capitalized costs exceed this limit, the excess is charged to operations through depletion, depreciation and amortization.

Oil and Natural Gas Reserve Estimates

The reserve data included in this document for the fiscal year ended April 30, 2005 and thereafter are estimates prepared by D. Raymond Perry, Jr., Independent Petroleum Engineer. Reserve engineering is a subjective process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact manner. The process relies on interpretation of available geologic, geophysical, engineering and production data. The extent, quality and reliability of this data can vary. The process also requires certain economic assumptions regarding drilling and operating expense, capital expenditures, taxes and availability of funds. The SEC mandates some of these assumptions such as oil and natural gas prices and the present value discount rate.

You should not assume that the present value of future net cash flows is the current market value of our estimated proved reserves. In accordance with SEC requirements, we based the estimated discounted future net cash flows from proved reserves on prices and costs on the date of the estimate.

Our rate of recording depreciation, depletion and amortization expense for proved properties depends on our estimate of proved reserves. If these reserve estimates decline, the rate at which we record these expenses will increase.

Asset Retirement Obligations

The Company records a liability for legal obligations associated with the retirement of tangible long-lived assets in the period in which they are incurred in accordance with SFAS No. 143, *"Accounting for Asset Retirement Obligations."* The Company adopted this policy effective May 1, 2003, using a cumulative effect approach to recognize transition amounts for asset retirement obligations, asset retirement costs and accumulated accretion and depletion. Under this method, when liabilities for dismantlement and abandonment costs, excluding salvage values, are initially recorded, the carrying amount of the related oil and natural gas properties are increased. Accretion of the liability is recognized each period using the interest method of allocation, and the capitalized cost is depleted over the useful life of the related asset.

Contingencies

Liabilities and other contingencies are recognized upon determination of an exposure, which when analyzed indicates that it is both probable that an asset has been impaired or that a liability has been incurred and that the amount of such loss is reasonably estimable.

Volatility of Oil and Natural Gas Prices

Our revenues, future rate of growth, results of operations, financial condition and ability to borrow funds or obtain additional capital, as well as the carrying value of our properties, are substantially dependent upon prevailing prices of oil and natural gas.

Acquisition of Oil and Natural Gas Properties

On January 13, 2005, the Company executed a purchase and sale agreement with Arcoa Oil & Gas, Inc. ("Arcoa"), which was subsequently amended in March 2005. Under the terms of the agreement, as amended, Arcoa acquired a net profits interest in three wells on the Company's Bateman Lake property for up to $1,150,000. The net profits interest is initially payable out of 75% of the monthly cash flows, as defined, attributable to the Company's interest in such wells until payout, including a 12% rate of return. The net profits interest will then be reduced to 65% until the well has produced a total of $7 million of net cash flow to the Company's working interest. The net profits interest will be further reduced to 60% when the net cash flows attributable to the Company's working interest reaches a total of $9 million. At that time, the net profits interest will be reduced to 30% which will be the net profits percentage there after. To the extent that ARCOA elects to acquire a net profits interest of less than $1,150,000 the net profits amounts will be proportionately reduced. Further more, after June 1, 2006, ARCOA may elect to convert its net profits interest into common stock of the Company at a conversion rate of $1.25 per share. The value of the net profits interest will be determined based upon the net cash flows attributable to the reserves, discounted at 15%. ARCOA has until October, 10, 2005 to fund and close the transaction. However, such date may be extended by mutual agreement. The Company has received a total of $470,000 in payments from ARCOA through July 31, 2005 representing its purchase of net profits interests in certain oil and natural gas wells.

On July 29, 2005, the Company completed the acquisition of all of the outstanding shares of Viking. Viking is a UK registered company with offices in London and owns a 26% interest in a company that owns the North Yorkshire gas fields (an extension of the Southern North Sea Gas Basin onshore). The properties include licenses covering approximately 100,000 acres onshore including, four proved producing fields, two proved undeveloped fields and additional seismically mapped low risk exploration potential. Upon closing of this acquisition, the Company delivered 400,000 shares of its common stock, valued at $128,000, to Viking for distribution to its shareholders, with an obligation to deliver an additional 1.6 million shares of its common stock if certain defined goals are met or six months from the acquisition, unless there is a foreclosure on the assets of Viking's interest in the gas fields. Viking's interest in the gas fields is security for debt in Viking Petroleum UK, Limited. Such debt is not currently in default, however the Company has no assurance that an event of default will not occur. Due to what management of the Company believes to be the remote possibility that the contingent shares will not be issued, they have been valued at $512,000 and included as a component of the purchase price. Additionally, prior to the closing of the acquisition, the Company advanced $127,757 to Viking for working capital purposes. This amount is considered a component of the purchase price paid to acquire the stock of Viking. This transaction has been recorded using the purchase method of accounting and the results of operations from July 31, 2005 forward are recorded in the consolidated results of operations of the Company.

Item 3. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Security and Exchange Act are 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 Company reports filed under the Securities and Exchange Act is accumulated and communicated to management, including the Company's President and Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's Chief Executive Officer and Chief Financial Officer (collectively, the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)) for the Company. Such officers have concluded (based upon their evaluation of these controls and procedures as of a date within 90 days of the filing of this report) that the Company's disclosure controls and procedures are not adequate and effective for purposes of Rule 13a-14(c) in timely alerting them to material information relating to the Company required to be included in the Company's filings with the SEC under the Securities Exchange Act of 1934. The reasons for our determination that our internal controls and procedures are not effective are detailed below.

The Company currently employs one person in the accounting department (the Chief Financial Officer) who is responsible for the day to day accounting and SEC reporting function of the Company. Daily transactions are accounted for, reconciled and processed to our accounting records solely by this person. This is considered a material weakness due to lack of segregation of responsibilities. The lack of resources in the accounting and reporting function of our internal controls also resulted in the Company not being able to file its quarterly financial statements during the year ended April 30, 2005 and for the quarterly period ended July 31, 2005 on a timely basis. As of the date of this filing the Company is compliant in all of its filings. Furthermore, during the course of completing the audit for the year ended April 30, 2005, several accounting adjustments were identified requiring adjustments to the current year and restatement of the financial statements for the year ended April 30, 2004 and to various of its Form 10-QSBs for each respective year.

As a result of the items mentioned above, the Company has a material weakness in its internal control over the financial reporting and disclosure function due to the lack accounting resources available for the daily processing of transactions and account reconciliations and the reporting of our financial statements within the appropriate filings in the time required. This void in available accounting resources increases the likelihood to more than remote that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected in a timely manner.

Executive management of the Company is currently evaluating its accounting resource needs and anticipates employing further accounting assistance in the near term. Management believes that additional accounting assistance, including increased technical resources, will mitigate the circumstances that have resulted in our evaluation of internal controls and procedures as having material weaknesses.

There has been no change in our internal controls over financial reporting that occurred during the three months ended July 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in various claims, lawsuits and administrative proceedings incidental to its business. In the opinion of management, the ultimate liability, if any, will not have a materially adverse effect on the financial condition or results of operations of the Company

Item 2. Changes in Securities and Use of Proceeds

In May 2005, the Company issued 1,750 shares of its common stock to Arcoa Advisors, LLC in return for services valued at $700.

In May 2005, the Company issued a total of 135,267 shares of its common stock to W. D. Moreland as consideration under the terms of a loan agreement and for the extension of the maturity date of a loan agreement.

In May 2005, the Company issued a total of 115,000 shares of its common stock to the Bargus Partnership as consideration under the terms of a loan agreement and for the extension of the maturity date of a loan agreement.

In May 2005, the Company issued 125,771 shares of its common stock to Marshall Smith in exchange for services performed in the prior year.

In May 2005, the Company issued a total of 10,000 shares of its common stock to Stan Chason as consideration under the terms of a loan agreement.

In June 2005, the Company issued 35,715 shares of its common stock to Larry C. Wallace in return for services valued at $10,000.

In June 2005, the Company issued a total of 132,500 shares of its common stock to Star Investments, Ltd as consideration under the terms of a loan agreement and for the extension of the maturity dates of loan agreements.

In June 2005, the Company issued a total of 60,000 shares of its common stock to Select Properties, Ltd as consideration under the terms of a loan agreement and for the extension of the maturity date of a loan agreement.

In each of the aforementioned cases, the Company issued the shares of its common stock in reliance upon the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended. The Company did not engage any underwriters in connection with their issuances.

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

(a) Additional Exhibits

Exhibit 31.1 CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VTEX Energy, Inc.
(Registrant)

By /S/ Grant G. Emms
Grant G. Emms
President
Principal Executive Officer
Date: September 28, 2005

By /S/ Randal B. McDonald, Jr.
Randal B. McDonald, Jr.
Chief Financial Officer
Principal Financial and Accounting Officer
Date: September 28, 2005

Exhibit 31.1

CERTIFICATIONS
Chief Executive Officer

I, Grant G. Emms, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of VTEX Energy, Inc.;

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 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 report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the small business issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Omitted

   c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: September 28, 2005 By: /s/ Grant G. Emms
Grant G. Emms
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS
Chief Financial Officer

I, Randal B. McDonald, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of VTEX Energy, Inc.;

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 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 report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the small business issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Omitted

   c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: September 28, 2005 By: /s/ Randal B. McDonald, Jr.
Randal B. McDonald, Jr.
Chief Financial Officer

Exhibit 32.1

**CERTIFICATIONS 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 Quarterly Report of VTEX Energy, Inc. (the "Company") on Form 10-QSB for the quarterly period ending July 31, 2005 (the "Report"), I, Grant G. Emms, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirement of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the Company's financial position and results of operations.

/S/ Grant G. Emms
Grant G. Emms
Chief Executive Officer
September 23, 2005

Exhibit 32.2

CERTIFICATIONS 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 Quarterly Report of VTEX Energy, Inc. (the "Company") on Form 10-QSB for the quarterly period ending July 31, 2005 (the "Report"), I, Randal B. McDonald, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirement of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the Company's financial position and results of operations.

/s/Randal B. McDonald, Jr.
Randal B. McDonald, Jr.
Chief Financial Officer
September 28, 2005