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

Form 10-QSB

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

For the quarterly period ended **June 30, 2007**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from __________ to __________

Commission file number **333-114995**

TEXOLA ENERGY CORPORATION

(Exact name of small business issuer as specified in its charter)

Nevada	**47-0930829**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Suite 206 – 475 Howe Street, Vancouver, British Columbia Canada V6C 2B3
(Address of principal executive offices)

604.685-8355
(Issuer's telephone number)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 31,413,333 common shares issued and outstanding as of August 14, 2007

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

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PART I - FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS.

Our interim financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

It is the opinion of management that the interim financial statements for the quarter ended June 30, 2007 include all adjustments necessary in order to ensure that the interim financial statements are not misleading.

TEXOLA ENERGY CORPORATION

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

June 30, 2007
(Unaudited)
Expressed in US Funds

TEXOLA ENERGY CORPORATION
(An Exploration Stage Company)

INTERIM BALANCE SHEETS
JUNE 30, 2007 and DECEMBER 31, 2006
(Unaudited)
(Stated in US Dollars)

	June 30, 2007 (Unaudited)	December 31, 2006 (Audited) *(Restated Note 9)*
ASSETS		
Current		
Cash	**$ 35,441**	$ 296,530
Receivable	**18,269**	55,839
Prepaid expenses	**12,680**	31,671
	66,390	384,040
Exploration Advances *(Note 4)*	**-**	64,711
Oil and Gas Properties *(Note 4)*	**2,123,943**	2,104,156
	$ 2,190,333	$ 2,552,907
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 68,442**	$ 17,418
Interest payable	**185,597**	90,597
Loans payable *(Note 5)*	**122,200**	25,200
Derivative liability *(Note 6)*	**364,000**	493,000
	740,239	626,215
Convertible Debentures *(Note 6)*	**2,700,000**	2,700,000
	3,440,239	3,326,215
Continued Operations *(Note 2)*		
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital Stock *(Note 7)*		
Authorized:		
750,000,000 common shares with a par value of $0.0001 per share		
Issued:		
31,413,333 shares (December 31, 2005 – 29,925,000 shares)	**31,413**	31,413
Additional Paid-in Capital	**1,324,253**	1,289,198
Deficit Accumulated During the Exploration Stage	**(2,605,572)**	(2,093,919)
	(1,249,906)	(773,308)
	$ 2,190,333	$ 2,552,907

The accompanying notes are an integral part of these interim financial statements

TEXOLA ENERGY CORPORATION
(An Exploration Stage Company)
INTERIM STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 2007 and 2006
(Unaudited)
(Stated in US Dollars)

	Three Months Ended June 30		Six Months Ended June 30		Cumulative From Sept. 29, 2005 to June 30, 2007 *(Restated Note 9)*
	2007	2006 *(Restated Note 9)*	**2007**	2006 *(Restated Note 9)*	
Revenue	$ -	$ -	$ -	$ -	$ -
Expenses					
Advertising and promotion	338	10,991	1,013	10,991	50,764
Audit and accounting fees	13,509	8,141	29,470	26,700	79,623
Consulting fees	72,680	114,864	155,480	174,864	542,425
Communications	210	4,718	810	8,817	16,484
Directors fees	-	-	100,000	-	100,000
Drilling and exploration	6,423	-	92,318	-	328,297
Interest expense – beneficial conversion feature of debenture *(Note 6)*	-	157,000	-	547,000	1,026,000
Gain on embedded derivative liabilities (*Note 6)*	(152,000)	(32,000)	(129,000)	(32,000)	(272,000)
Foreign exchange (gain) loss	(515)	(14,520)	562	(16,136)	(14,210)
Interest and bank charges	98	696	206	1,165	1,938
Interest on long term debt *(Note 6)*	47,500	20,897	95,000	33,312	198,097
Investor relations	46,000	33,393	106,000	63,393	246,000
Legal fees	7,116	15,127	14,157	27,079	76,158
Office and miscellaneous	9,078	3,704	20,391	7,560	32,121
Transfer agent/filing fees	551	291	2,751	1,556	11,187
Travel	-	38,997	22,495	72,979	131,957
Total operating expenses	(50,988)	(362,299)	(511,653)	(927,280)	(2,554,841)
Loss from Continuing Operations	(50,988)	(362,299)	(511,653)	(927,280)	(2,554,841)
Income (loss) from discontinued operations	-	-	-	-	-
Loss for the Period	$ (50,988)	$ (362,299)	$ (511,653)	$ (927,280)	$ (2,554,841)
Basic And Diluted Net Earnings (Loss) Per Common Share	(0.00)	(0.01)	(0.02)	(0.03)	
Basic And Diluted Weighted Average Number Of Common Shares Outstanding	31,413,333	31,413,333	31,413,333	31,413,333	

The accompanying notes are an integral part of these interim financial statements

TEXOLA ENERGY CORPORATION
(An Exploration Stage Company)
INTERIM STATEMENT OF CASH FLOWS
For the six months ended June 30, 2007 and 2006
(Unaudited)
(Stated in US Dollars)

	Three Months Ended June 30		Six Months Ended June 30		Cumulative From September 29, 2005 to June 30, 2007
	2007	2006 ***(Restated Note 9)***	2007	2006 ***(Restated Note 9)***	*) (Restated Note 9)*
Cash Resources Provided By (Used In)					
Operating Activities					
Income (loss) for the period	$ (50,988)	$ (362,299)	$ (511,653)	$ (927,280)	$ (2,554,841)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities					
Consulting - stock based compensation	12,680	54,864	35,055	54,864	180,000
Interest expense - beneficial conversion feature of debenture *(Note 6)*	-	157,000	-	547,000	1,026,000
Gain on embedded derivative liabilities *(Note 6)*	(152,000)	(32,000)	(129,000)	(32,000)	(272,000)
			37,570	-	(18,269)
Receivable	13,646				
		(2,150)	18,991	(15,030)	(12,680)
Prepaid expenses	10,981				
Non-cash interest expense	-	-	-	12,500	12,500
Assets held for resale and discontinued operations	-	-	-	-	-
Accounts payable and accrued liabilities	19,706	(21,895)	51,024	40,612	57,393
Interest payable	47,500	20,897	95,000	20,812	185,597
Due to related parties	-	-	-	-	-
Liabilities held for resale and discontinued operations	-	-	-	-	-
	(98,475)	(185,583)	(403,013)	(298,522)	(1,396,300)
Investing Activity					
Explorations advance	-	337,834	64,711	(20,737)	-
Acquisition of oil and gas property	(881)	(1,082,815)	(19,788)	(1,382,815)	(1,672,006)
Proceeds on sale of share of oil and gas property	-	-	-	-	48,062
	(881)	(744,981)	44,923	(1,403,552)	(1,623,944)
Financing Activities					
Loans payable	97,000	-	97,000	(5,000)	122,200
Capital contributions	-	-	-	-	231,666
Convertible debenture	-	300,000	-	1,600.000	2,700,000
	97,000	300,000	97,000	1,595,000	3,053,866
Net Increase (Decrease) in Cash	(2,356)	(630,564)	(261,090)	(107,074)	33,622
Cash, Beginning of Period	37,796	734,955	296,530	211,465	1,818
Cash, End of Period	$ 35,440	$ 104,391	$ 35,440	$ 104,391	$ 35,440

The accompanying notes are an integral part of these interim financial statements

TEXOLA ENERGY CORPORATION
(An Exploration Stage Company)

INTERIM STATEMENT OF CASH FLOWS - Continued
For the six months ended June 30, 2007 and 2006
(Unaudited)
(Stated in US Dollars)

	Three Months Ended June 30		Six Months Ended June 30		Cumulative From September 29, 2005 to June 30, 2007
	2007	2006 *(Restated Note 9)*	2007	2006 *(Restated Note 9)*	*(Note2)* *(Restated Note 9)*
Supplementary Disclosure for Non-Cash Investing and Financing Activities					
Settlement of amounts due to related party by issuance of shares	$ -	$ -	$ -	$ -	$ 2,500
Issuance of convertible debenture for oil and gas property finders fees	$ -	$ -	$ -	$ -	$ 500,000
Intrinsic value of the beneficial feature of convertible debentures *(Note 6)*	$ -	$ -	$ -	$ -	$ 1,026.000
Loss(Gain) on embedded derivative liabilities *(Note 6)*	$ (152,000)	$ (32,000)	$ (129,000)	$ (32,000)	$ (32,000)
Cancellation of capital stock on disposal of subsidiary	$ -	$ -	$ -	$ -	$ (6,050)
Common shares issued on conversion of debenture and accrued interest	$ -	$ -	$ -	$ 512,000	$ 512,500
Intrinsic value of the beneficial conversion feature convertible debentures *(Note 6)*	$ -	$ 157,000	$ -	$ 547,000	$ 1,026,000
Assets sold on disposal of subsidiary	$ -	$ -	$ -	$ -	$ 119,277
Liabilities cancelled on disposal of subsidiary	$ -	$ -	$ -	$ -	$ (130,187)
Stock compensation expense	$ 12,680	$ 54,854	$ 35,055	$ 54,864	$ 180,000
Supplementary Cash Flow Disclosures					
Interest paid	$ -	$ -	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these interim financial statements

TEXOLA ENERGY CORPORATION
(An Exploration Stage Company)

INTERIM STATEMENT OF STOCKHOLDERS' EQUITY
For the period October 21, 2003 (date of inception) to June 30, 2007
(Unaudited)
(Stated in US Dollars)

	Common Shares			Deficit Accumulated	Accumulated		
	Shares	Amount	Additional Paid In Capital	During the Exploration Stage	Compre-hensive Loss	Special Distribution	Total
Common shares issued for cash at $0.0002 per share October 14, 2003	500,000	$ 500	$ (400)	$ -	$ -	$ -	$ 100
Special distribution	-	-	-	-	-	(3,300)	(3,300)
Net loss for the period	-	-	-	(3,900)	-	-	(3,900)
Balance - December 31, 2003	500,000	500	(400)	(3,900)	-	(3,300)	(7,100)
Common shares issued for cash at $0.0005 per share	89,900,000	89,900	(44,950)	-	-	-	44,950
Foreign currency translation	-	-	-	-	(526)	-	(526)
Net loss for the year	-	-	-	(63,464)	-	-	(63,464)
Balance - December 31, 2004	90,400,000	90,400	(45,350)	(67,364)	(526)	(3,300)	(26,140)
Common shares issued in settlement of loan from related party at $0.10 per share	25,000	3	2,497	-	-	-	2,500
Stock based compensation	-	-	45,000	-	-	-	45,000
Discontinued operations	(60,500,000)	(6,050)	54,450	-	526	3,300	(2,224)
Net loss for the year	-	-	-	(82,257)	-	-	(82,257)
Balance - December 31, 2005	29,925,000	29,925	56,575	(149,621)	-	-	(63,121)
Common shares issued on conversion of debenture and accrued interest	1,025,000	1,025	511,475	-	-	-	512,500
Intrinsic value of the beneficial conversion feature of the convertible debentures *(Note 6)*	-	-	390,000	-	-	-	390,000
Common shares issued pursuant to private placement at $0.50 per share *(Note 7)*	463,333	463	231,203	-	-	-	231,666
Stock based compensation			99,945				99,945
Net loss for the period	-	-	-	(1,944,298)	-	-	(1,944,298)
Balance - December 31, 2006	31,413,333	$ 31,413	$ 1,289,198	$ (2,093,919)	$ -	$ -	$ (773,308)
Stock based compensation			35,055				35,055
Net loss for the period	-	-	-	(511,653)	-	-	(511,653)
Balance – June 30, 2007	31,413,333	$ 31,413	$ 1,324,253	$ (2,605,572)	$ -	$ -	$ (1,249,906)

The accompanying notes are an integral part of these interim financial statements

NOTES TO THE INTERIM FINANCIAL STATEMENTS
June 30, 2007
(Unaudited)
(Stated in US Dollars)

1. Basis of Presentation

The unaudited financial information furnished herein reflects all adjustments, which in the opinion of management are necessary to fairly state the Company's financial position and the results of its operations for the periods presented. This report on Form 10-QSB should be read in conjunction with the Company's Form 10-K for the fiscal year ended December 31, 2006. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in the Company's Form 10-KSB for the fiscal year ended December 31, 2006, has been omitted. The results of operations for the six-month period ended June 30, 2007 are not necessarily indicative of results for the entire year ending December 31, 2007

2. Organization and Going Concern

On October 24, 2005, the predecessor company, Sound Technology, Inc. changed its name to "Texola Energy Corporation" ("the Company"), following a merger with its wholly owned subsidiary Texola Energy Corporation ("Texola"). Texola was incorporated on September 29, 2005, for the purpose of changing the Company's name.

Sound Technology, Inc. was incorporated in Nevada, U.S.A. on October 14, 2003.

The Company is an exploration stage company.

In 2003, the Company acquired Audiyo Inc. ("Audiyo"), a company incorporated in Ontario, Canada. Audiyo was an audio component Internet retailer with an interactive user-friendly website, www.audiyo.com, that enables the DIY (do-it-yourself) hobbyist to build sound systems by themselves at a price substantially less than current retail prices. Audiyo's website provides step-by-step process instructions with visuals including tools and components required to build audio projects.

During the year ended December 31, 2005, the Company changed its focus toward oil and gas exploration and effective December 31, 2005, completed the transaction disposing of its 100% interest in Audiyo to the former directors. Accordingly, the comparative financial information has been restated to reclassify the assets and liabilities of Audiyo, and the income or loss of Audiyo for the comparative period. Accordingly, the cumulative amounts to date include the results of operations from the date of change of business focus, September 29, 2005 to June 30, 2007

On November 1, 2005, the Company effected a forward split of its issued and outstanding common shares on a 10 for 1 basis, increasing the authorized number of shares from 75,000,000 with a par value of $0.001 to 750,000,000 with a par value of $0.001. The issued shares were likewise increased from 9,040,000 with a par value of $0.001 to 90,400,000 with a par value of $0.001. All common stock and per share amounts referred to in these financial statements have been adjusted to reflect the stock split. After taking into effect debt conversions, settlement of debt by shares, discontinued operations and private placements, the common shares issued and outstanding amounted to 31,413,333 as at June 30, 2007 (December 31, 2006 – 31,413,333)

Going Concern and Liquidity Considerations

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As at June 30, 2007, the Company has a working capital deficit of $673,849 and an accumulated deficit of $2,605,572, of which $2,554,841 has accumulated since September 29, 2005. The Company intends to fund operations through equity and debt financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending December 31, 2007.

The ability of the Company to emerge from the exploration stage is dependent upon the Company's successful efforts to raise sufficient capital for the development of its oil and gas interests, and then attaining profitable operations.

The ability of the Company to raise financing for its exploration activities, amongst other concerns, raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty

3. Significant Accounting Policies

a) Oil and Gas Properties

The Company utilizes the full cost method to account for its investment in oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including such costs as leasehold acquisition costs, capitalized interest costs relating to unproved properties, geological expenditures, tangible and intangible development costs including direct internal costs are capitalized to the full cost pool. As of June 30, 2007, the Company has no properties with proven reserves. When the Company obtains proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proven reserves. Investments in unproven properties and major development projects including capitalized interest, if any, are not amortized until proven reserves associated with the projects can be determined. If the future exploration of unproven properties are determined uneconomical the amount of such properties are added to the capitalized cost to be amortized. As of June 30, 2007, all of the Company's oil and gas properties were unproven and were excluded from depletion. At June 30, 2007, management believes none of the Company's unproven oil and gas properties reflected on the balance sheet were impaired.

The capitalized costs included in the full cost pool are subject to a "ceiling test", which limits such costs to the aggregate of the estimated present value, using a ten percent discount rate, of the future net revenues from proven reserves, based on current economic and operating conditions.

b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenues and expenses, the reported amounts and classification of assets and liabilities, and disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

4. Oil and Gas Properties

The total costs incurred and excluded from amortization are summarized as follows:

	June 30, 2007	December 31, 2006
Brown County Property (a)		
Acquisition costs	$ 25,200	$ 25,200
Maverick Springs Property (b)		
Financing fees	500,000	500,000
Acquisition costs	1,598,743	1,578,956
	2,098,743	2,078,956
	$ 2,123,943	$ 2,104,156
Exploration Advances		
Chinchaga Property (c)	$ -	$ 64,711

At June 30, 2007, all of the Company's oil and gas properties are considered unproven.

a) Brown County Property, Kansas, United States

Under an assignment agreement dated November 11, 2005, the Company acquired the “Brown County Property” from Heartland Oil and Gas Corp. at a cost of $25,200, paid in cash. The Brown County Property consists of 23 oil and gas leases covering an aggregate of approximately 6,328 acres, located in the State of Kansas. The expiration dates for the leases range from dates in October 2008 through April 2014.

b) Maverick Springs Property, Nevada, United States

During the year ended December 31, 2005 the Company paid finders fees with a fair value $500,000 by issuing a Convertible Debenture to a related party in regard to a Joint Participation Agreement with Chamberlain Exploration Development and Stratigraphic Corporation (“Cedar Strat”). *(Note 6a)*

Pursuant to the participation agreement Cedar Strat is to provide certain proprietary information and geological data relating to a prospect area covering approximately 120,000 acres in Nevada. The term of the participation agreement is for 10 years from April 3, 2006, the date the Company acquired the leases in the property area for $518,330.

The participation fee is calculated at a cost of $10.00 per acre multiplied by the total acreage of leases that the Company obtains in the property, with a minimum payment of $700,000 and a maximum payment of $1,100,000.

The minimum participation fee (renegotiated) is payable as follows:

(i) $100,000 upon execution of the agreement (paid);
(ii) $200,000 on or before March 28, 2006 (paid);
(iii) $100,000 on or before May 7, 2006 (paid); and
(iv) $300,000 on or before June 7, 2006 (paid).

If the participation fee exceeds $700,000 then the balance of the fee is payable as follows:

(i) $100,000 within 30 days of delivery of a gravity model coinciding with a structural cross section delivered as part of the base prospect fee (paid);
(ii) $200,000 within 30 days of delivery of a second structural cross section with gravity mode (paid)
(iii) $100,000 at the time of well permitting.

In addition to the above the Company is required to:

(i) commence a drilling program on the property within eighteen months of Cedar Strat completing the comprehensive survey in accordance with the participation agreement;
(ii) drill one test well within 18 months of completion of the survey and a subsequent test well within 12 months following the completion or abandonment of the prior test well; and
(iii) Drill a subsequent test well every 12 months for the term of the participation agreement.

Pursuant to the participation agreement the Company will receive 80% of the net revenue interest of any revenues generated. Cedar Start will retain a 5.5% overriding royalty.

c) Chinchaga Property, Alberta, Canada

The Company together with 5 partners (the “Group”) entered into a farmout arrangement for the Chinchaga property with Suncor Energy Inc. of Calgary, Alberta. Pursuant to the arrangement the Group will participate with a 100% working interest in the cost to drill an exploratory well on approximately 18,000 acres of leases owned by Suncor Energy Inc. On completion of the first well the group will earn a 100% working interest in approximately 7,000 acres and will have the option to drill a second well in 2007 on the remaining lands. Suncor Energy will retain a 12.5% gross overriding royalty in the lands.

The Company is a minority partner with a 10% working interest.

To finance the Company's obligations with respect to the project the Company issued a Convertible Debenture in the amount of $1,300,000 *(Note 6b).*

During the year ended December 31, 2006, the Company pursuant to a cash call initially advanced $358,571 ($418,500Cdn) to fund the drilling of an exploratory well. Of this amount $189,790 ($210,600Cdn) was returned to the Company as excess cash calls. The Company sold 25.93% of its 13.5% interest in the farmout arrangement to Energy Resource Royalty Corp., a private company, for $48,062 ($53,900Cdn). The Company also realized a foreign exchange gain of $16,497 due to the refund of excess cash calls. During December 2006 the Company, pursuant to a cash call advanced a further $243,713 ($215,345Cdn) to fund the drilling of a second exploratory well. Of this advance $55,839 ($63,195Cdn) was recoverable from Energy Resource Royalty Corp.

As of June 30, 2007 $328,297 ($376,867Cdn) (December 31, 2006 - $235,979 ($266,9783Cdn)); was expended in drilling costs and $Nil (December 31, 2006 - $64,711 ($75,412Cdn); remained advanced to an unrelated party for planned future exploration expenditures on the Chinchaga property.

5. Loans Payable

Loans payable consist of two loans of $25,200 and $97,000 made by an unrelated party to the Company. The loans are unsecured, non-interest bearing and fall due on October 31, 2007 and May 20, 2008.

6. Convertible Debentures

a) On November 1, 2005, pursuant to a finders' fee arrangement *(Note 4b)* the Company issued a Convertible Debenture in the amount of $500,000. The Debenture bears interest at 6% per annum, and falls due November 1, 2008. The Debenture and accrued interest may be converted at the option of the holder into "Units" of the Company. Each Unit consists of a common share at $0.50 per share and one share purchase warrant to acquire one additional share of the Company at $0.50 per share, expiring two years subsequent to the date of conversion.

On March 27, 2006 at the request of the holder the debenture and accrued interest of $12,500 was converted into 1,025,000 common stock of the Company, and 1,025,000 share purchase warrants were issued. The warrants expire March 26, 2008.

b) On March 8, 2006, the Company issued a Convertible Debenture in the amount of $1,300,000, The Debenture bears interest at 6% per annum, and falls due November 1, 2008. The Debenture and accrued interest may be converted at the option of the holder into "Units" of the Company. Each Unit consists of a common share at $1.00 per share and one share purchase warrant to acquire one additional share of the Company at $1.50 per share, expiring two years subsequent to the date of conversion.

The Company determined that the 6% Convertible Debentures *(Notes 6a and 6b)* should be accounted for in accordance with EITF No, 98-5 *"Accounting for Convertible Securities with Beneficial Conversion Features"*, the beneficial conversion feature is calculated at its intrinsic value (that is, the difference between the conversion price and the fair value of the common stock into which the debt is convertible, multiplied by the number of shares into which the debt is convertible) at the commitment date.

A portion of the proceeds from issuance of the convertible debt, equal to the intrinsic value, is then allocated to additional paid-in capital. Because the debt is convertible at the date of issuance, the debt discount is charged to interest expense at the date of issuance.

During the six month period ended June 30, 2007 interest expense relating to the beneficial conversion feature of the 6% debentures of $nil (2006 - $547,000).

c) On May 10, 2006, the Company issued a Convertible Debenture in the amount of $300,000. The Debenture bears interest at 8% per annum, and falls due May 10, 2008. Each $1.00 of the Debenture and accrued interest may be converted at the option of the holder into common stock of the Company at the lower of $1.00 or the market price of the common stock at the time of conversion.

d) On September 1, 2006, the Company issued a Convertible Debenture in the amount of $400,000. The Debenture bears interest at 8% per annum, and falls due September 1, 2007. Each $1.00 of the Debenture and accrued interest may be converted at the option of the holder into common stock of the Company at the lower of $0.80 or 90% of the market price of the common stock at the time of conversion

e) On November 15, 2006, the Company issued a Convertible Debenture in the amount of $700,000. The Debenture bears interest at 8% per annum, and falls due November 15, 2007. Each $1.00 of the Debenture and accrued interest may be converted at the option of the holder into common stock of the Company at the lower of $0.80 or 90% of the market price of the common stock at the time of conversion.

f) The Company determined that the conversion feature of the 8% Convertible Debentures *(Notes 6c, 6d and 6e)* is required to be accounted for as a derivative, according to Statement of Accounting Standards No. 133 (SFAS 133) and Emerging Issues Task Force Abstract Issue No. 00-19 (EITF 00-19), as the conversion feature met the attributes of a liability. As at June 30, 2007 the fair value of the conversion feature of the 8% Convertible Debentures estimated using the Black-Scholes option pricing model has been recorded as a current liability in the amount of $516,000, (December 31, 2006 - $493,000)

Changes in the fair value of the value of the derivative are recorded as a "gain (loss) on embedded derivative liability". The Company recorded an interest expense at the inception of the conversion feature, as the notes are immediately convertible at the option of the lender.

During the six month period ended June 30, 2007 the Company recorded interest expense relating to the beneficial conversion feature of the 8% Convertible Debentures of $nil (six month period ended June 30, 2006 - $Nil), and a gain resulting from the change in fair value of the embedded derivative liability of $129,000 (six month period ended June 30, 2006 – 32,000)

The fair value of the 8% Convertible Debentures as at June 30, 2007 and December 31, 2006 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30 2007	December 31 2006
Risk free interest rate	4.1%	4.00%
Expected life – years	0.41	0.74
Expected volatility	77%	78%
Expected dividend yield	-	-
Weighted average of fair value of options granted	0.04	$0.25

7. Capital Stock

a) Stock Issuances

There were no stock issuances during the six month period ended June 30, 2007.

b) Stock Options

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 5,000,000 common shares of the Company. The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the fair market price of the common stock at the date of grant. Options have a maximum term of ten years. Vesting of options is made at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

As at June 30, 2007, options were outstanding for the purchase of common shares as follows:

Number of Shares	Exercise Price Per Share	Number Exercisable at June 30, 2007	Expiry Date
700,000	$ 0.50	700,000	November 21, 2010

Of these options, 175,000 vested at November 21, 2005, and 175,000 vested on May 21, 2006. Stock based compensation expense booked during the six months ended June 30, 2007 period comprises $45,000 for options vesting and $9,836 for stock based compensation expense accruing to the option holders.

c) Share Purchase Warrants

As at June 30, 2007, share purchase warrants were outstanding for the purchase of common shares as follows

Number of Shares	Exercise Price	Expiry Date
1,025,000	$ 0.50	March 27, 2008

The following is a summary of the share purchase warrant activity during the six month period ended June 30, 2007 and the year ended December 31, 2005:

	June 30, 2007		December 31, 2005	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Issued	1,025,000	0.50	-	-
Cancelled/Expired	-	-	-	-
Outstanding, end of period	1,025,000	$ 0.50	-	$ -

d) Stock Based Compensation

Compensation costs attributable to share options granted to employees, directors or consultants is measured at fair value at the grant date and expensed with a corresponding increase to paid up capital over the vesting period. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in additional paid up capital is recorded as an increase to share capital. No stock options were granted during the six month period ended June 30, 2007.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2007	2006
Risk free interest rate	n/a	3.77%
Expected life	n/a	3.00
Expected volatility	n/a	76.00%
Expected dividend yield	n/a	-
Weighted average of fair value of options granted	n/a	$0.50

8. Commitments – see Note 11

The Company entered into a consultancy contract with RLC Strategic Capital Management Corp that expires December 31, 2008. RLC Strategic Capital Management Corp is to provide strategic development and financing initiatives for the Company. Over the term of the contract, the Company will pay a contractual fee of $10,000 per month and a transaction fee on any financing equal to 4% of any aggregated financing received by the Company.

9. Restatement of the June 30, 2006 Financial Position

a) The Company has restated its June 30, 2006 financial statements in order to account for certain Convertible Debentures in accordance with Statement of Accounting Standards No. 133 (SFAS 133) and Emerging Issues Task Force Abstract Issue No. 00-19 (EITF 00-19), because the conversion feature of these debentures met the attributes of a liability. Accordingly the fair value of the conversion feature has been recorded as a current liability. Changes in the fair value of the value of the derivative are recorded as a "gain (loss) on embedded derivative liability". The Convertible Debentures are immediately convertible at the option of the holder and therefore the Company recorded an interest expense at the inception of the conversion feature. *(Note 6c).*

   As a result of the restatement as at June 30, 2006, current liabilities increased by $125,000, additional paid in capital was reduced by $54,000 and the accumulated deficit increased by $71,000, resulting in an decrease in the shareholders equity of $125,000.

   The effect of the restatement on the income statements for the three and six month periods ended June 30, 2006 was an increase in interest on beneficial conversion of $103,000 and $103,000 respectively, and an increase in gain on embedded derivative liability of $32,000 and $32,000 respectively.

b) The Company has reclassified stock based compensation incurred into the expense line item to which it relates, consulting fees.

10. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

11. Subsequent Events

On July 13, 2007, we received the written resignation of Thornton Donaldson as our President, Secretary and Treasurer and we appointed Maya Vinogradov as President, Secretary and Treasurer in place of Thornton Donaldson. On the same date, we also appointed Maya Vinogradov as a director of our company.

On July 16, 2007, we received the written resignation of Thornton Donaldson as a director of our company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements as that term is defined in Section 27A of the United States *Securities Act of 1933* and Section 21E of the United States *Securities Exchange Act of 1934*. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited interim financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles. The following discussion should be read in conjunction with our unaudited interim financial statements and the related notes that appear elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all references to "common shares" refer to common shares in the capital of our Company and the terms "we", "us" and "our" mean Texola Energy Corporation.

Corporate History

We were incorporated pursuant to the laws of the State of Nevada on October 14, 2003 under the name Sound Technology, Inc. On September 29, 2005, we incorporated a wholly-owned Nevada subsidiary for the sole purpose of effecting a name change through a merger with our subsidiary. On October 24, 2005, we merged our subsidiary with and into our Company, with our Company continuing on as the surviving corporation under the name Texola Energy Corporation. Our name change was effected with NASDAQ on November 7, 2005 and our common shares became quoted on the OTC Bulletin Board on November 7, 2005 under the new stock symbol of "TXLA". In addition, on October 26, 2005 we effected a ten (10) for one (1) forward stock split of our authorized, issued and outstanding common stock. As a result, our authorized capital increased from 75,000,000 shares of common stock to 750,000,000 shares of common stock.

Our principal business office is located at Suite 206 – 475 Howe Street, Vancouver, British Columbia, Canada V6C 2B3. Our registered office for service in the State of Nevada is located at Suite 300, 7251 West Lake Mead, Las Vegas, Nevada.

From our incorporation until November 2005, we were an audio component retailer. We supplied audio products to the audio do-it-yourself and original equipment manufacturer markets. As management investigated opportunities and challenges in the business of audio retail and distribution, management realized that the business did not present the best opportunity for our Company to realize value for our shareholders. As a result, our Company decided to abandon the audio retail and distribution business and sell all of the issued and outstanding shares of our wholly-owned subsidiary.

On November 16, 2005, we entered into a share purchase agreement among our Company, Raymond Li, Simon Au, and Patrick Fung. Pursuant to the terms of the share purchase agreement, we agreed to sell all of the issued and outstanding shares in the capital of Audiyo, Inc., our wholly-owned operating subsidiary, to Mr. Li, Mr. Au and Mr. Fung in exchange for: (i) the return and cancellation of all shares of our Company held by such individuals; and (ii) the waiver and forgiveness of any outstanding amounts owed by our Company to the three individuals. On January 5, 2006, we closed the share purchase agreement among our Company, and Messrs. Li, Av and Fung, as reported on our current report on Form 8-K/A filed March 20, 2006.

Current Business

We are an exploration stage company engaged in the acquisition of prospective oil and gas properties. Following the change in our business, we conducted due diligence on potential acquisitions of suitable oil and gas properties. As a result of the due diligence period, we entered into three arrangements to acquire the oil and gas interests in the following locations: (i) Brown County, Kansas, United States; (ii) Maverick Spring Prospect, Nevada, United States; and (iii) Chinchaga Prospect, Alberta, Canada.

In addition to the exploration and development of our existing three property interests, we intend to acquire additional oil and gas interests in the future. Management believes that the future growth of our Company will primarily occur through the acquisition of additional oil and gas properties following extensive due diligence by our Company. However, we may elect to proceed through collaborative agreements and joint ventures in order to share expertise and reduce operating costs with other experts in the oil and gas industry.

The analysis of new property interests will be undertaken by or under the supervision of our management and board of directors. Although the oil and gas industry is currently very competitive, management believes that many undervalued prospective properties remain available for acquisition purposes.

Plan of Operations

Management will be required to raise additional funds or seek a joint venture arrangement if it is to meet its proposed programs and objectives. As outlined below, management may reassess its going forward plans on its Maverick Springs program.

Results of Operations for the Six Months Ended June 30, 2007 and June 30, 2006

Revenues for the six months ended June 30, 2007 and June 30, 2006 were $Nil.

Expenses for the six months ended June 30, 2007 were $511,653 compared to $927,280 for the six months ended June 30, 2006, resulting in a decrease of $415,627 or 44.8%. The $511,653 for the six months ended June 30, 2007 consisted of a gain of $129,000 on embedded derivative liabilities, $155,480 in consulting fees, $100,000 in a one-time payment to a former director, $29,470 in audit and accounting fees, $92,318 in drilling and exploration costs, interest expenses of $95,000, $106,000 in investor relations costs, $14,157 in legal fees, $22,495 in travel expenses and the remaining $25,733 in general and administrative expenses.

The net loss for the six months ended June 30, 2007 was $511,653 compared to $927,280 for the six months ended June 30, 2006.

Results of Operations for the Three Months Ended June 30, 2007 and June 30, 2006

Revenues for the three months ended June 30, 2007 and June 30, 2006 were $Nil.

Expenses decreased from $362,299 during the three months ended June 30, 2006 to $50,988 during the three months ended June 30, 2007. Consulting fees for the three months June 30, 2007 totalling $72,680 were down $42,184 for the same period ended June 30, 2006, interest expense relating to the beneficial conversion feature of a debenture was $Nil compared to $157,000 for the same period ended June 30, 2006. The gain on embedded derivative liabilities amounted to $152,000, an increase of $120,000 over the same period ended June 30, 2006.

The net loss for the three months ended June 30, 2007 amounted to $50,998 compared to $362,299 for the three months ended June 30, 2006.

As of June 30, 2007, our Company had cash $35,441 and a working capital deficiency of $673,849. In addition to the costs set out above, we estimate our general operating expenses for the next twelve month period to be as follows:

Estimated Expenses for the next Twelve Month Period		
Operating Expenses	$	
Lease Renewal Costs	$	90,000
Exploration Costs	$	500,000
Employee and Consultant Compensation	$	50,000
Professional Fees	$	50,000
General and Administrative Expenses	$	15,000
Total	$	705,000

Lease Renewal Costs

We anticipate incurring lease renewal costs relating to our Maverick Springs prospect pursuant to our obligations under the Participation Agreement with Cedar Strat. We anticipate that the total number of acres to be renewed or acquired by our Company will be between 80,000 and 110,000 acres. On April 11, 2007, we renewed leases covering approximately 80,000 acres of our Maverick Springs prospect on payment of $95,221.

Exploration Costs

We anticipate incurring exploration costs relating to our Maverick Springs prospect estimated at a minimum of $500,000 for a seismic survey. Although we continue to retain a 10% working interest in the prospect, we do not anticipate incurring costs related to our Chinchaga prospect in 2007. In the event a second well is drilled on the 7,000 acre prospect area, we will assess our participation at that time. Management may reassess its going forward plans on its Maverick Springs program.

Employee and Consultant Compensation

Given the early stage of our development and exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis.
We estimate that our consultant and related professional compensation expenses for the next twelve month period will be approximately $50,000.

Professional Fees

We expect to incur on-going legal expenses to comply with our reporting responsibilities as a public company under the United States Securities Exchange Act of 1934, as amended. We estimate our legal and accounting expenses for the next twelve month period to be approximately $50,000.

General and Administrative Expenses

We anticipate spending $15,000 on general and administrative costs in the next twelve month period. These costs primarily consist of expenses such as office supplies and office equipment.

Trends and Uncertainties

Our ability to generate revenues in the future is dependent on whether we successfully explore and develop our current property interests or any property interests that we may acquire in the future. We cannot predict whether or when this may happen and this causes uncertainty with respect to the growth of our Company and our ability to generate revenues.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2007, we had $35,441 in cash and total current assets of $66,390 and $740,239 in current liabilities. The current liabilities primarily consisted of accounts payable, accrued liabilities, interest payable, loans payable and a derivative liability. We had a working capital deficiency of $673,849 as of June 30, 2007.

To date, we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements. We expect this situation to continue for the foreseeable future. We anticipate that we will have negative cash flows during our fiscal year ended December 31, 2007.

We incurred a loss of $511,653 for the six month period ended June 30, 2007. As indicated above, our estimated working capital requirements and projected operating expenses for the next twelve month period total $705,000. As we do not have the funds necessary to cover our projected operating expenses for the next twelve month period, we will be required to raise additional funds through the issuance of equity securities or through debt financing. There can be no assurance that we will be successful in raising the required capital or that actual cash requirements will not exceed our estimates. We intend to fulfill any additional cash requirement through the sale of our equity securities.

Given that we are an exploration stage company and have not generated revenues to date, our cash flow projections are subject to numerous contingencies and risk factors beyond our control, including exploration and development risks, competition from well-funded competitors, and our ability to manage growth. We can offer no assurance that our Company will generate cash flow sufficient to meet our cash flow projections or that our expenses will not exceed our projections. If our expenses exceed estimates, we will require additional monies during the next twelve months to execute our business plan.

There are no assurances that we will be able to obtain funds required for our continued operation. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration and development of our property interests and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Capital Expenditures

As of June 30, 2007, our Company did not have any material commitments for capital expenditures and management does not anticipate that our Company will spend additional material amounts on capital expenditures during the next twelve month period.

Off-Balance Sheet Arrangements

Our Company has no outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Our Company does not engage in trading activities involving non-exchange traded contracts.

Critical Accounting Policies

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures of our Company. Although these estimates are based on management's knowledge of current events and actions that our Company may undertake in the future, actual results may differ from such estimates.

Going Concern

The audited financial statements included with our annual report filed with the Securities and Exchange Commission on April 18, 2007 have been prepared on the going concern basis which assumes that adequate sources of financing will be obtained as required and that our assets will be realized and liabilities settled in the ordinary course of business. Accordingly, the audited financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary should we be unable to continue as a going concern.

In order to continue as a going concern, we require additional financing. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to continue as a going concern, we would likely be unable to realize the carrying value of our assets reflected in the balances set out in our financial statements.

Oil and Gas Properties

We utilize the full cost method to account for our investment in oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including such costs as leasehold acquisition costs, capitalized interest costs relating to unproved properties, geological expenditures, tangible and intangible development costs including direct internal costs are capitalized to the full cost pool. As of June 30, 2007, we had no properties with proven reserves. When we obtain proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proven reserves. Investments in unproven properties and major development projects including capitalized interest, if any, are not amortized until proven reserves associated with the projects can be determined. If the future exploration of unproven properties are determined uneconomical the amount of such properties are added to the capitalized cost to be amortized. As of June 30, 2007, all of our oil and gas properties were unproven and were excluded from depletion. At June 30, 2007, management believes none of our unproven oil and gas properties reflected on the balance sheet were impaired.

The capitalized costs included in the full cost pool are subject to a “ceiling test”, which limits such costs to the aggregate of the estimated present value, using a ten percent discount rate, of the future net revenues from proven reserves, based on current economic and operating conditions.

New Accounting Pronouncements

Effective January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123(R), *“Share-Based Payment”*, which establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS 123(R), stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees’ requisite service period (generally the vesting period of the equity grant). Before January 1, 2006, we accounted for stock-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25, *“Accounting for Stock Issued to Employees,”* and complied with the disclosure requirements of SFAS No. 123, *“Accounting for Stock-Based Compensation”*. We adopted FAS 123(R) using the modified prospective method, which requires us to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, financial statements for the periods prior to January 1, 2006 have not been restated to reflect the fair value method of expensing share-based compensation. Adoption of SFAS No. 123(R) does not change the way we account for share-based payments to non-employees, with guidance provided by SFAS 123 (as originally issued) and Emerging Issues Task Force Issue No. 96-18, *“Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services”*.

In December 2004, FASB issued SFAS No. 153, "*Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29*". The guidance in APB Opinion No. 29, "*Accounting for Nonmonetary Transactions*", is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on our results of operations or financial position.

In May 2005, the FASB issued SFAS No. 154, *"Accounting Changes and Error Corrections,"* which replaces APB Opinion No. 20, *"Accounting Changes,"* and supersedes FASB Statement No. 3, *"Reporting Accounting Changes in Interim Financial Statements – an amendment of APB Opinion No. 28."* SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. When it is impracticable to determine the period-specific effects of an accounting change on one or more individual prior periods presented, SFAS 154 requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. When it is impracticable to determine the cumulative effect of applying a change in accounting principle to all prior periods, SFAS 154 requires that the new accounting principle be applied as if it were adopted prospectively from the earliest date practicable. SFAS 154 shall be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the provisions of SFAS 154 will have a significant impact on our results of operations.

In February 2006, the FASB issued SFAS No. 155, *"Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140."* This statement permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation.

It establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. In addition, SFAS 155 clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133. It also clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives. SFAS 155 amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of this standard is not expected to have a material effect on our results of operations or financial position.

In March 2006, the FASB issued SFAS 156, "Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140". This statement amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", with respect to the accounting for separately recognized servicing assets and servicing liabilities. This statement: (1) requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in any of the following situations: (a) a transfer of the servicer's financial assets that meets the requirements for sale accounting, (b) a transfer of the servicer's financial assets to a qualifying special-purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities and classifies them as either available-for-sale securities or trading securities in accordance with FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities", (c) an acquisition or assumption of an obligation to service a financial asset that does not relate to financial assets of the servicer or its consolidated affiliates; (2) requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; (3) permits an entity to choose either of the following subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities: (a) Amortization method—Amortize servicing assets or servicing liabilities in proportion to and over the period of estimated net servicing income or net servicing loss and assess servicing assets or servicing liabilities for impairment or increased obligation based on fair value at each reporting date, or (b) Fair value measurement method—Measure servicing assets or servicing liabilities at fair value at each reporting date and report changes in fair value in earnings in the period in which the changes occur; (3) at its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value; and (5) requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. An entity should adopt this statement as of the beginning of its first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this Statement is the date an entity adopts the requirements of this Statement.

RISK FACTORS

Much of the information included in this quarterly report includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other "forward-looking statements" involve various risks and uncertainties as outlined below. We caution readers of this quarterly report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward-looking statements". In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

***We have had negative cash flows from operations and if we are not able to continue to obtain further financing, our business operations may fail*.**

To date, we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements and have incurred a net loss of $511,653 for the six month period ended June 30, 2007, and cumulative losses of $2,605,572 since inception to June 30, 2007. As of June 30, 2007, we had a working capital deficiency of $673,849. We do not expect positive cash flow from operations in the near term. There is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that:

- the costs to acquire further acreage are more than we currently anticipate;
- drilling and completion costs for further wells increase beyond our expectations; or
- we encounter greater costs associated with general and administrative expenses or offering costs.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our business plans.

We depend almost exclusively on outside capital to pay for the continued exploration and development of our properties. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not continue to be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to us. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business and as a result may be required to scale back or cease operations for our business, the result of which would be that our stockholders would lose some or all of their investment.

***A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations*.**

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to explore and develop new properties and continue our exploration and development of our current property interests. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

If we issue additional shares in the future this may result in dilution to our existing stockholders.

We are authorized to issue 750,000,000 shares of common stock. Our board of directors has the authority to issue additional shares up to the authorized capital of our Company. Our board of directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares may result in a reduction of the book value or market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. Further, any such issuance may result in a change of control of our Company.

We have a history of losses and fluctuating operating results which raise substantial doubt about our ability to continue as a going concern.

Since inception through June 30, 2007, we have incurred aggregate losses of $2,605,572. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the general economic cycle, the market price of oil and gas and exploration and development costs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our normal operations, then we may be forced to scale down or even close our operations.

Until such time as we generate revenues, we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production.

We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations.

We have no history of revenues from operations and have no significant tangible assets. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. Our Company has a limited operating history and must be considered in the development stage. The success of our Company is significantly dependent on a successful acquisition, drilling, completion and production program. Our Company's operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the development stage and potential investors should be aware of the difficulties normally encountered by enterprises in the development stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our Company.

Due to the speculative nature of the exploration of oil and gas properties, there is substantial risk that our business will fail.

The business of oil and gas exploration and development is highly speculative involving substantial risk. There is generally no way to recover any funds expended on a particular property unless reserves are established and unless we can exploit such reserves in an economic manner. We can provide investors with no assurance that any property interest that we may acquire will provide commercially exploitable reserves. Any expenditure by our Company in connection with locating, acquiring and developing an interest in a mineral or oil and gas property may not provide or contain commercial quantities of reserves.

Because of the early stage of development and the nature of our business, our securities are considered highly speculative.

Our securities must be considered highly speculative, generally because of the nature of our business and the early stage of its development. We are engaged in the business of exploring and, if warranted, developing commercial reserves of oil and gas. Our properties are in the exploration stage only and are without known reserves of oil and gas. Accordingly, we have not generated any revenues nor have we realized a profit from our operations to date and there is little likelihood that we will generate any revenues or realize any profits in the short term. Any profitability in the future from our business will be dependent upon locating and developing economic reserves of oil and gas, which itself is subject to numerous risk factors as set forth herein. Since we have not generated any revenues, we will have to raise additional monies through the sale of our equity securities or debt in order to continue our business operations.

The potential profitability of oil and gas ventures depends upon factors beyond the control of our Company.

The oil and gas industry in general is cyclical in nature. It tends to reflect and be amplified by general economic conditions, both domestically and abroad. Historically, in periods of recession or periods of minimal economic growth, the operations of oil and gas companies have been adversely affected. Certain end-use markets for oil and petroleum products experience demand cycles that are highly correlated to the general economic environment which is sensitive to a number of factors outside our control.

A recession or a slowing of the economy could have a material adverse effect on our financial results and proposed plan of operations. A recession may lead to significant fluctuations in demand and pricing for oil and gas. If we elect to proceed with the development of any of our property interests, our profitability may be significantly affected by decreased demand and pricing of oil and gas. Reduced demand and pricing pressures will adversely affect our financial condition and results of operations. We are not able to predict the timing, extent and duration of the economic cycles in the markets in which we operate.

The potential profitability of oil and gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. These changes and events may materially affect our financial performance.

Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or gas from the well. In addition, production from any well may be unmarketable if it is impregnated with water or other deleterious substances. The marketability of oil and gas which may be acquired or discovered will be affected by numerous factors beyond our control. These factors include the proximity and capacity of oil and gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection. These factors cannot be accurately predicted and the combination of these factors may result in our Company not receiving an adequate return on invested capital.

Competition in the oil and gas industry is very intense and there is no assurance that we will be successful in acquiring additional property interests.

The oil and gas industry is very competitive. We compete with numerous individuals and companies, including many major oil and gas companies, which have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for desirable oil and gas interests, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed.

We are required to obtain licenses and permits from various governmental authorities. We anticipate that we will be able to obtain all necessary licenses and permits to carry on the activities which we intend to conduct, and that we intend to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that we will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake our proposed exploration and development or to place our properties into commercial production. In the event that we proceed with our operation without necessary licenses and permits, we may be subject to large fines and possibly even court orders and injunctions to cease operations.

The acquisition of oil and gas interests involve many risks and disputes as to the title of such interests will result in a material adverse effect on our Company.

The acquisition of interests in mineral properties involves certain risks. Title to mineral claims and the borders of such claims may be disputed. The leases may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If it is determined that any of our Company's leases are based upon a claim with an invalid title, a disputed border, or subject to a prior right, the balance sheet of our Company will be adversely affected and we may not be able to recover damages without incurring expensive litigation costs.

The marketability of natural resources will be affected by numerous factors beyond our control which may result in us not receiving an adequate return on invested capital to be profitable or viable.

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

Oil and gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our Company.

Oil and gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted, and no assurance can be given that such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages which it may elect not to insure against due to prohibitive premium costs and other reasons. To date, we have not been required to spend any material amount on compliance with environmental regulations. However, we may be required to do so in the future and this may affect our ability to expand or maintain our operations.

Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations.

In general, our exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

We believe that our operations comply, in all material respects, with all applicable environmental regulations. However, we are not fully insured against all possible environmental risks.

Any future operations will involve many risks and we may become liable for pollution or other liabilities which may have an adverse effect on our financial position.

In the course of the exploration, acquisition and development of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions may occur. Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution. It is not always possible to fully insure against such risks, and we do not currently have any insurance against such risks nor do we intend to obtain such insurance in the near future due to high costs of insurance. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of our Company.

We are not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. We will periodically evaluate the cost and coverage of such insurance. If we became subject to environmental liabilities and do not have insurance against such liabilities, the payment of such liabilities would reduce or eliminate our available funds and may result in bankruptcy. Should we be unable to fully fund the remedial cost of an environmental problem, we might be required to enter into interim compliance measures pending completion of the required remedy.

Resource exploration involves many risks, regardless of the experience, knowledge and careful evaluation of the property by our Company. These hazards include unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which we will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration, development and production of resource properties, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. We do not currently maintain liability insurance and may not obtain such insurance in the future. The nature of these risks is such that liabilities could represent a significant cost to our Company, and may ultimately force our Company to become bankrupt and cease operations.

Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter the ability of our Company to carry on our business.

The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitably.

If we are unable to hire and retain key personnel, we may not be able to implement our plan of operation and our business may fail.

Our success will be largely dependent on our ability to hire and retain highly qualified personnel. This is particularly true in the highly technical businesses of oil and gas exploration. These individuals may be in high demand and we may not be able to attract the staff we need. In addition, we may not be able to afford the high salaries and fees demanded by qualified personnel, or we may fail to retain such employees after they are hired. At present, we have not hired any key personnel. Our failure to hire key personnel when needed will have a significant negative effect on our business.

Our sole executive officer has other business interests, and as a result, he may not be willing or able to devote a sufficient amount of time to our business operations, thereby limiting the success of our Company.

Thornton Donaldson presently spends approximately 25% of his business time on business management services for our Company and retains the necessary consultants to assist in the development of our properties on an as needed basis. Management has determined that Mr. Donaldson spends a reasonable amount of time in pursuit of our Company's interests. Due to the time commitments from Mr. Donaldson's other business interests, however, Mr. Donaldson may not be able to provide sufficient time to the management of our business in the future and our business may be periodically interrupted or delayed as a result of Mr. Donaldson's other business interests. To mitigate any such interruption, we are currently seeking to add additional management and will also continue to retain the necessary consultants in future exploration activities.

Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

The Securities and Exchange Commission has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market.

The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

The National Association of Securities Dealers, or NASD, has adopted sales practice requirements which may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

ITEM 3. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our President (also our Principal Executive Officer and Principal Accounting Officer) to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2007, the end of the second quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our President (also our Principal Executive Officer and Principal Accounting Officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President (also our Principal Executive Officer and Principal Accounting Officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

There have been no significant changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2007 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our officer or any of our directors or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENION SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Description
(3)	**(i) Articles of Incorporation; and (ii) Bylaws**
3.1	Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2 filed on April 29, 2004)
3.2	Bylaws (incorporated by reference from our Registration Statement on Form SB-2 filed on April 29, 2004)
3.3	Articles of Merger (incorporated by reference from our Current Report on Form 8-K filed on November 9, 2005)
3.4	Certificate of Change (incorporated by reference from our Current Report on Form 8-K filed on November 9, 2005)
(4)	**Instruments Defining Rights of Security Holders, Including Indentures**
4.1	2005 Stock Option Plan (incorporated by reference from our Annual Report on Form 10- KSB filed on April 17, 2006)
(10)	**Material Contracts**
10.1	Loan Agreement dated October 1, 2005, between our Company and Dino Minichiello (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.2	Debt Settlement and Subscription Agreement dated October 15, 2005, between our Company and Raymond Li (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.3	Consulting Agreement dated November 1, 2005, between our Company and Jane Clark (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.4	Share Purchase Agreement dated November 16, 2005, among our Company, Raymond Li, Simon Au and Patrick Fung (incorporated by reference from our Current Report on Form 8-K filed on November 21, 2005)
10.5	Assignment Agreement dated November 18, 2005, between our Company and Heartland Oil and Gas Ltd. (incorporated by reference from our Current Report on Form 8-K filed on November 21, 2005)
10.6	Stock Option and Subscription Agreement dated November 18, 2005, between our Company and Thornton Donaldson (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)

10.7	Stock Option and Subscription Agreement dated November 18, 2005, between our Company and Jane Clark (incorporated by reference from our Annual Report on Form 10- KSB filed on April 17, 2006)
10.8	Stock Option and Subscription Agreement dated November 21, 2005, between our Company and Y.R. (Joe) Boury (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.9	Form of Subscription Agreement between our Company and six persons (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.10	Finder's Fee Agreement dated December 5, 2005, between our Company and Fort Scott Energy Corporation (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.11	Joint Participation Agreement for Maverick Springs Elko and White Pine Counties, Nevada dated February 28, 2006, between our Company and Chamberlain Exploration Development and Research Stratigraphic Corporation doing business as Cedar Strat Corporation (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.12	Farmout and Option Agreement dated March 7, 2006, between our Company and Suncor Energy Inc. (incorporated by reference from our Current Report on Form 8-K on March 24, 2006)
10.13	Private Placement Subscription Agreement dated March 8, 2006, between our Company and Bulstrode International Inc. (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.14	6% Convertible Note due March 8, 2008 issued to Bulstrode International Inc. by our Company (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.15	Private Placement Subscription Agreement dated March 9, 2006, between our Company and Bulstrode International Inc. (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.16	6% Convertible Note due March 9, 2008 issued to Bulstrode International Inc. by our Company (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.17	Amendment Agreement dated April 3, 2006, between our Company and Fort Scott Energy Corp. (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
10.18	Amended and Restated Agreement dated April 7, 2006, between our Company and Fort Scott Energy Corp. (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
(14)	**Code of Ethics**
14.1	Code of Business Conduct and Ethics (incorporated by reference from our Annual Report on Form 10-KSB filed on April 17, 2006)
(31)	**Rule 13a-14(a)/15d-14(a) Certifications**
31.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
(32)	**Section 1350 Certifications**
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

SIGNATURES

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

TEXOLA ENERGY CORPORATION

/s/ Maya Vinogradov

By: _________________________
Maya Vinogradov
President, Secretary, Treasurer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

August 14, 2007

Exhibit 31.1

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

I, Maya Vinogradov, certify that:

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

2. Based on my knowledge, this 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 small business issuer as of, and for, the periods presented in this report;

4. I am 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) 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

   (c) 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;

5. I have disclosed, based on my 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: August 14, 2007

/s/ Maya Vinogradov

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Maya Vinogradov
President, Chief Executive Officer, Chief Financial Officer, Secretary,
Treasurer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

The undersigned, Maya Vinogradov, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-QSB of Texola Energy Corporation for the period ended June 30, 2007 (the "Report") fully complies with the requirements 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 financial condition and results of operations of Texola Energy Corporation..

Dated: August 14, 2007

/s/ Maya Vinogradov

Maya Vinogradov
President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer and Director
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Texola Energy Corporation and will be retained by Texola Energy Corporation and furnished to the Securities and Exchange Commission or its staff upon request.