



Texhoma Energy, Inc. (TXHE)

A Nevada Corporation

Annual Report

Prepared in accordance with
OTC Pink Basic Disclosure Guidelines

For Period ending September 30, 2015

Texhoma Energy, Inc.
24624 I-45 North, Suite 200
Spring, Texas 77386

1) The exact name of the issuer and its predecessor (if any)

The name of the Issuer is Texhoma Energy, Inc. (“Texhoma”, the “Issuer”, “we”, or “Company”). Texhoma was originally incorporated in Nevada on September 28, 1998 as Pacific Sports Enterprises, Inc. In May 2001, we changed our name to Make Your Move, Inc. and on September 20, 2004, we changed our name to Texhoma Energy, Inc.

2) The address of the issuer’s principal executive offices

The Issuer’s principal executive offices are located at 24624 I-45 North, Suite 200, Spring, Texas 77386. The Issuer’s telephone number is 281-719-1995.

3) Security Information

Trading Symbol: TXHE

Exact title and class of securities outstanding: Common

CUSIP: 882898307

Par or Stated Value: \$0.001

Total shares authorized: 1,750,000,000 as of: September 30, 2015

Total shares outstanding: 1,094,085,000 as of: September 30, 2015

Exact title and class of securities outstanding: Preferred

CUSIP: None

Par or Stated Value: \$0.001

Total shares authorized: 1,000,000 as of: September 30, 2015

Total shares outstanding: 51,000 as of: September 30, 2015

Madison Stock Transfer Inc.
2715 Coney Island Ave, 2nd Floor
Brooklyn, NY 11235
(718) 627-4453

Madison Stock Transfer Inc. is registered with the Securities and Exchange Commission as a transfer agent pursuant to Section 17A(c) of the Exchange Act.

List any restrictions on the transfer of security: None.

Describe any trading suspension orders issued by the SEC in the past 12 months: None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

As of March 9, 2015, the Company amended its Articles of Incorporation to authorize 1,750,000,000 shares of Common Stock.

4) Issuance History

On November 22, 2013 50,000,000 shares were issued to GRS Holdings, LLC in a transaction exempt from registration under Section 4(a)(2) of the Securities Act of 1933. The shares issued in this transaction are restricted securities and bear the appropriate legend.

On November 7, 2013, the Circuit Court of the Second Judicial District in and for Leon County, Florida (the "Court") entered an Order Granting Approval of Settlement Agreement and Stipulation (the "Order") in the matter titled ASC Recap, LLC ("ASC Recap") v. Texhoma Energy, Inc. The Order and the Stipulation for Settlement of Claims, dated October 23, 2013, between the Company and ASC Recap (the "Stipulation"), provides for the full and final settlement of ASC Recap's \$1,482,593.00 claim against the Company in connection with past due amounts owed to creditors in connection with attorney's fees, consulting fees, unpaid wages, and acquisition services which ASC Recap purchased from third parties pursuant to Receivable Purchase Agreements, between July 20, 2013 and September 23, 2013 (the "Claim").

Pursuant to the terms of the Order and the Stipulation, the Company has issued to ASC Recap 1,038,811,986 shares of common stock in partial settlement of the Claim. The shares of common stock issued to ASC Recap were exempt from registration pursuant to an exemption provided by Section 3(a)(10) of the Securities Act of 1933, as amended, as the issuance of securities was in exchange for bona fide outstanding claims, where the terms and conditions of such issuance were approved by a court after a hearing upon the fairness of such terms and conditions. The shares were issued without a restrictive legend.

On April 14, 2014, the Company executed a Subscription Agreement with the CEO and President of ASL Corp. and issued 4,000,000 common stock shares for a purchase price of \$4,000. An additional 1,000,000 shares of common stock was issued to an unrelated party for a purchase price of \$1,000. These shares were issued in transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933. The shares issued are restricted securities and bear the appropriate legend.

5) Financial Statements

The Issuer is providing the following financial statements for the most recent period ending September 30, 2015: balance sheet; statement of operations; statement of cash flows; and financial notes. These financial statements are incorporated by reference herein and attached as Exhibit 1.

6) Describe the Issuer's Business, Products and Services

Texhoma Energy, Inc. was originally formed as a Nevada corporation on September 28, 1998 as Pacific Sports Enterprises, Inc. Our business objective was to own and operate a professional basketball team that would be a member of the American Basketball Association. The American Basketball Association was not successful in organizing the league, and consequently the member teams ceased operating activities in 1999. Thereafter, we were dormant without any business operations until October 20, 2000. In May 2001, we changed our name to Make Your Move, Inc. and on September 20, 2004, we changed our name to Texhoma Energy, Inc. in connection with our change in business focus to oil and gas exploration and production.

A. A description of the issuer's business operations;

Texhoma is an oil and gas company with a long history of acquisitions and divestitures. For example, on November 5, 2004, we entered into a Sale and Purchase Agreement with Capersia Pte. Ltd., a Singapore company ("Capersia"), to acquire 40% of an oil and gas exploration license operated by Black Swan Petroleum Pty. Ltd. ("Black Swan") and its wholly owned subsidiary Black Swan Petroleum (Thailand) Limited ("Black Swan Thai"). Black Swan Thai owned the license, permits and title to a petroleum concession in the Chumphon Basin in the Gulf of Thailand, referred to as "Block B7/38" (the "Concession").

Black Swan recommenced exploration operations of the Concession and Black Swan drilled two exploration wells in February and March 2005, which proved void of commercially viable hydrocarbons. In June 2005 after completion of the exploration activities, the ventures decided to discontinue the exploration efforts in Thailand and relinquished the Concession back to the government of Thailand. On January 20, 2006 we divested our shareholding in Black Swan and Black Swan Thai.

After the exploration venture in Thailand the Board of Directors of the Company decided to shift its focus to domestic oil and gas exploration and production, with a particular focus on south Louisiana and east Texas, including near-shore Gulf of Mexico.

On February 2, 2006, we executed a Sale and Purchase Agreement (the "Clovelly SPA") with Sterling Grant Capital, Inc. pursuant to which we acquired a 5% (five percent) working interest in the Clovelly South prospect (bringing our total working interest to 11%) located in Lafourche Parish, Louisiana. As a result, the Company agreed to fund the work program for the Clovelly South project in accordance with the Joint Operating Agreement for the property. The Allain-Lebreton No. 2 well was drilled and plugged and abandoned in September 2006.

On March 15, 2006, our wholly-owned subsidiary, Texaurus Energy, Inc., which was formed in March 2006 as a Delaware corporation ("Texaurus"), entered into a Sales and Purchase Agreement with Structured Capital Corp., a Texas corporation to purchase certain oil and gas leases in Vermillion Parish, Louisiana. The 8% working interest (5.38167% net revenue interest) in the Intracoastal City field was acquired for a) two million five hundred thousand dollars (\$2,500,000) and b) the issuance of 37,500 (post 1:1,000 reverse split) shares of our common stock.

On March 28, 2006, Texaurus entered into a Securities Purchase Agreement ("Securities Purchase Agreement") with Laurus Master Fund, Ltd. ("Laurus"); a Registration Rights Agreement with Laurus; entered into a Master Security Agreement with Laurus; sold Laurus a Secured Term Note in the amount of \$8,500,000, and entered into various other agreements. Additionally, in connection with the closing, we issued Laurus a Common Stock Purchase Warrant to purchase up to 10,625 (post 1:1,000 reverse split) shares of our common stock at an exercise price of \$40.00 per share. In addition, Laurus can acquire up to 961 shares of Texaurus' common stock at an exercise price of \$0.001 per share, representing 49% of Texaurus' outstanding common stock.

On March 28, 2006, with an effective date of January 1, 2006, Texaurus closed a Sales & Purchase Agreement to purchase certain interests in the Barnes Creek gas field and the Edgerly field from Kilrush Petroleum, Inc. Texaurus paid the \$5,225,000 purchase price with proceeds received from its sale of the Secured Term Note with Laurus.

During the period through September 2011, Texhoma entered into a series of agreements with Laurus disposing of most of its oil and gas assets in satisfaction of the obligations of its then subsidiary, Texaurus, and Texhoma's corporate guarantee to Laurus for the debts of the subsidiary was released. Texaurus was divested in September 2011.

Texhoma is continuing in this tradition of acquisition and is exploring several opportunities. In furthering this pursuit, on August 5, 2014, the Company formed a wholly owned subsidiary, Texhoma Holding Company. On August 12, 2014, the Company purchased for \$8,400 a 0.016598% royalty interest in five oil wells located on the Shooter 916 lease located in Ochiltree County, Texas which have existing oil and gas production. Effective September 1, 2014, the Company purchased for \$5,600 a 0.25% overriding royalty interest in the Tonto North 390 B #3 well located in Scurry County, Texas, which has existing production.

Additionally, the Company has acquired various non-operated working interests in eight (8) wells located in Gregg and Upshur Counties, Texas. The working interest ownership interest percentages vary between .053985% and .54487%. The wells are operated by Quantum Resources Management, LLC of Houston, Texas. Combined, these wells at one time produced an average of approximately 280,000 cubic feet per day of natural gas and 8 barrels of oil per day over a six month period in the past.

On January 9, 2015 the Company entered into an agreement with Kris Kon A/S and Kris Kon Oil Fund, FT-SV that the Company would acquire USD500,000 of oil and gas interests from Kris Kon and further that Kris Kon would assist the Company in acquiring an additional \$3,500,000 of oil and gas interests over a period of 24 months. On May 6, 2015 this agreement was cancelled, mutually relieving both parties of any and all obligations that may have been related to the agreement.

- B. Date and State (or Jurisdiction) of Incorporation: Incorporated on September 28, 1998 in Nevada.
- C. The issuer's primary SIC code is 1311; there is no secondary SIC code.
- D. The issuer's fiscal year end date: September 30th
- E. Principal products or services, and their markets;

Historically our focus has been oil and gas exploration and production. The market for oil and gas exploration services is highly competitive, and we expect competition to intensify in the future. Numerous well-established companies are focusing significant resources on exploration and are currently competing with us for oil and gas opportunities. Additionally, there are numerous companies focusing their resources on creating fuels and/or materials which serve the same purpose as oil and gas, but are manufactured from renewable resources. Therefore, as part of the company's ongoing strategy it will evaluate and may invest in non oil and gas activities as they arise.

7) Describe the Issuer's Facilities

Not applicable.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

<u>Name</u>	<u>Position</u>	<u>Share Ownership</u>
Gilbert Steedley	CEO, President, Director	50 million common*/ 1,000 Series A Pre * held by GRS Holdings, LLC of which Mr. Steedley is the sole beneficiary

B. Legal/Disciplinary History.

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None of the above numbered statements apply to the Company's sole officer and Director.

C. Beneficial Shareholders.

	<u>Name</u>	<u>Amount</u>	<u>Percent</u>
Common Stock	GRS Holdings, LLC (Gilbert Steedley)	50,000,000	4.57%

9) Third Party Providers

Legal Counsel

The McGeary Law Firm, P.C.
1600 Airport Fwy., Suite 300
Bedford, Texas 76022

Accountant or Auditor

Turner, Stone & Company, LLP
12700 Park Central Drive, Suite 1400
Dallas, Texas 75251

10) Issuer Certification

I, Gilbert Steedley, certify that:

1. I have reviewed this Annual Report of TEXHOMA ENERGY, INC.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: December 29, 2015

/s/ Gilbert Steedley
Gilbert Steedley

Exhibit 1

TEXHOMA ENERGY, INC. AND SUBSIDIARY
Consolidated Financial Statements as of September 30, 2015 (unaudited) and 2014
and for the Years Ended September 30, 2015 (unaudited) and 2014

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Texhoma Energy Inc. and Subsidiary
Consolidated Balance Sheets
September 30, 2015 and 2014

	September 30, 2015 (unaudited)	September 30, 2014
Assets		
Current assets:		
Cash	\$ 965	\$ 373
Accounts receivable	437	237
Total current assets	1,402	610
Property:		
Oil and gas properties at cost, successful efforts, net of depletion of \$3,710 and \$0 as of September 30, 2015 and 2014, respectively	13,700	17,410
Total Assets	\$ 15,102	\$ 18,020
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 93,617	\$ 22,740
Advances payable	162	58,161
Accrued interest	130,500	62,353
Convertible settlements payable (Note 5)	1,105,465	1,358,628
Convertible notes payable-related, net of discount of \$0 and \$5,208 at September 30, 2015 and September 30, 2014, respectively	25,000	19,792
Convertible notes payable, net of discount of \$13,327 and \$14,583 at September 30, 2015 and 2014, respectively	358,325	232,811
Total current liabilities	1,713,069	1,754,485
Commitments and contingencies (Note 8)		
Stockholders' Deficit:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized:		
Series A shares, \$0.001 par value, 1,000 issued and outstanding at June 30, 2015 and September 30, 2014	1	1
Series B shares, \$0.001 par value, 50,000 issued and outstanding at September 30, 2015 and 2014	50	50
Common stock, \$0.001 par value, 1,750,000,000 shares authorized: 1,094,085,000 and 105,665,041 shares issued and outstanding at September 30, 2015 and 2014, respectively	1,094,085	105,665
Additional paid in capital	10,399,460	10,926,071
Accumulated deficit	(13,191,563)	(12,768,252)
Total Stockholders' Deficit	(1,697,967)	(1,736,465)
Total Liabilities and Stockholders' Deficit	\$ 15,102	\$ 18,020

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

Texhoma Energy Inc. and Subsidiary
Consolidated Statements of Operations
For the Years Ended September 30, 2015 and 2014

	For the years ended September 30,	
	2015	2014
	(unaudited)	
Revenue	\$ 2,200	\$ 275
Cost of operations	767	38
Gross margin	1,433	237
Expenses:		
Depletion	3,710	-
General and administrative	137,240	166,878
Officer and director compensation	-	1,563
Total operating expenses	140,949	168,441
Net operating (loss)	(139,516)	(168,204)
Other income (expense):		
Loss on debt extinguishment	(84,388)	(107,811)
Interest expense	(199,407)	(220,471)
Net (loss)	\$ (423,311)	\$ (496,486)
Weighted average number of common shares outstanding - basic and fully diluted	720,142,495	52,071,610
Net (loss) per share - basic and fully diluted	\$ (0.00)	\$ (0.01)

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

Texhoma Energy, Inc. and Subsidiary
Consolidated Statements of Stockholders' Deficit
For the Years Ended September 30, 2015 (unaudited) and 2014

	<u>Series A Preferred Stock</u>		<u>Series B Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance at September 30, 2013	1,000	\$ 1	-	\$ -	272,797	\$ 273	\$ 10,575,414	\$ (12,271,766)	\$ (1,696,078)
Issuance of shares in exchange for short term advances	-	-	50,000	50			24,950		25,000
Shares issued for reverse split adjustments	-	-	-	-	217	-	-	-	-
Issuance of shares in exchange for cash	-	-	-	-	55,000,000	55,000	(45,000)	-	10,000
Issuance of shares to Recap in satisfaction of convertible settlements payable (Note 6)	-	-	-	-	50,392,027	50,392	181,384	-	231,776
Beneficial conversion feature attributable to convertible notes payable	-	-	-	-	-	-	189,323		189,323
Net loss at September 30, 2014	-	-	-	-	-	-	-	(496,486)	(496,486)
Balance at September 30, 2014	1,000	\$ 1	50,000	\$ 50	105,665,041	\$ 105,665	\$ 10,926,071	\$ (12,768,252)	\$ (1,736,465)
Issuance of shares to Recap and assigns in satisfaction of convertible settlements payable (Note ?)	-	-	-	-	988,419,959	988,420	(650,869)	-	337,551
Beneficial conversion feature attributable to convertible notes payable	-	-	-	-	-	-	124,258		124,258
Net loss at September 30, 2015	-	-	-	-	-	-	-	(423,311)	(423,311)
Balance at September 30, 2015 (unaudited)	1,000	\$ 1	50,000	\$ 50	1,094,085,000	\$ 1,094,085	\$ 10,399,460	\$ (13,191,563)	\$ (1,697,967)

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

Texhoma Energy Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2015 and 2014

	For the Years Ended September 30,	
	2015	2014
Cash flows from operating activities		
Net (loss)	\$ (423,311)	\$ (496,486)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Amortization of debt discounts	130,723	169,532
Loss on debt extinguishment	84,388	107,811
Debt issued for financing costs	-	25,000
Depletion expense	3,710	-
Changes in operating assets and liabilities:		
Accounts receivable	(200)	(237)
Accounts payable	70,877	(5,827)
Accrued interest	68,147	50,907
Net cash used in operating activities	(65,666)	(149,301)
Cash flows from investing activities		
Investment in oil and gas properties	-	(17,410)
Net cash used in investing activities	-	(17,410)
Cash flows from financing activities		
Proceeds from convertible notes payable	124,258	75,726
Proceeds from advances payable, stockholders		121,834
Repayment of advances payable, stockholders	(58,000)	(40,598)
Common stock issued for cash	-	10,000
Net cash provided by financing activities	66,258	166,962
Net increase (decrease) in cash	592	251
Cash - beginning	373	122
Cash - ending	\$ 965	\$ 373
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Supplemental disclosure-		
Non-cash investing and financing activities:		
Convertible notes payable exchanged for accounts payable	\$ 74,358	\$ 115,681
Series B preferred shares issued in exchange for short term advances	\$ -	\$ 25,000
Accounts payable and accrued interest exchanged for convertible settlements payable	\$ -	\$ 84,990
Common stock shares issued in payment of the convertible settlements payable obligation	\$ 337,551	\$ 277,365

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

TEXHOMA ENERGY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2015(unaudited) and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business - Texhoma Energy, Inc. (“Texhoma” or the “Company”) has been engaged in the acquisition, exploration and development of crude oil and natural gas properties. In March 2006, Texhoma incorporated a subsidiary in Delaware, Texaurus Energy, Inc. (“Texaurus”) for the same purposes. During the years 2008 through 2011, the properties owned by Texaurus lost significant production and the Company negotiated foreclosure with the lender, rendering the investment in the subsidiary valueless. In September 2011, the shares of Texaurus were conveyed to an unrelated third party. The Company has limited current operations and actively seeks replacement assets. Our common stock currently trades under the symbol “TXHE” on the Over the Counter Pink Sheets (“OTC PK”).

On August 5, 2014, the Company formed a wholly owned subsidiary corporation, Texhoma Holding Company (“Holding”) incorporated in Texas. Holding has recently acquired several oil and gas royalty and working interests.

Principles of consolidation - The consolidated financial statements include the accounts of Texhoma Energy, Inc. and its wholly owned subsidiary, Texhoma Holding Company. All significant intercompany transactions, accounts and balances have been eliminated in consolidation.

Use of Estimates – Texhoma’s financial statement preparation requires that management make estimates and assumptions which affect the reporting of assets and liabilities and the related disclosure of contingent assets and liabilities in order to report these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash includes all highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Fair Value of Financial Instruments –The Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the customer’s creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Recently Issued Accounting Pronouncements - During the year ended September 30, 2015 and through December 29, 2015, there were several new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company’s consolidated financial statements.

Property and Equipment - On August 12, 2014, Holding purchased for \$8,400 a 0.016598% royalty interest in five oil wells located on the Shooter 916 lease located in Ochiltree County, Texas.

On August 20, 2014 Holding acquired a 0.25% overriding royalty interest in the Tonto North 390B #3 well located in the Permian Basin, Texas in exchange for \$5,600 and a non-operated working interest in eight wells of the GW Hooper survey located in the East Texas Basin, White Oak Field for a price of \$3,410.

TEXHOMA ENERGY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2015 (unaudited) and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Lived Assets - The Company's accounting policy regarding the assessment of the recoverability of the carrying value of its long-lived assets, including property, equipment and purchased intangible assets with finite lives, is to review the carrying value of the assets if the facts and circumstances suggest that they may be impaired. If this review indicates that the carrying value will not be recoverable, as determined based on the projected undiscounted future cash flows, the carrying value is reduced to its estimated fair value.

Income Taxes - The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Management evaluates the probability of the realization of its deferred income tax assets. The Company had estimated a deferred income tax asset as of its last filing in August 2015 relating to net operating loss carry forwards and deductible temporary differences. Management determined that because the Company has not yet generated taxable income, because of the change in control that occurred in the past and the fact that certain losses have been generated outside of the United States, it is unlikely that a tax benefit will be realized from these operating loss carry forwards and deductible temporary differences. Accordingly, the deferred income tax asset is offset by a full valuation allowance.

In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Earnings or (Loss) Per Share - Basic earnings per share (or loss per share), is computed by dividing the earnings (loss) for the period by the weighted average number of common stock shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including stock options and warrants, in the weighted average number of common shares outstanding for the period. Therefore because including options and warrants issued would have an anti-dilutive effect on the loss per share, only the basic earnings (loss) per share is reported for periods that report earnings or loss. However, the potential dilution attributable to the outstanding convertible notes payable as of September 30, 2015 is estimated to be approximately 2,485,160,000 common shares.

Share-Based Payment - Under ASC Topic 718, *Compensation - Stock Compensation*, all share based payments to employees, including share option grants, are to be recognized in the statement of operations based on their fair values. There were no equity based payments, common shares or options issued for services and compensation for the years ended September 30, 2015 and 2014.

Revenue Recognition - The Company recognizes revenue from the sale of crude oil, natural gas and natural gas liquids when title passes to the purchaser. Revenues from the production of properties in which the Company has an interest with other producers are recognized on the basis of the Company's net working or royalty interest in the related production.

TEXHOMA ENERGY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2015 (unaudited) and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable and doubtful accounts - The Company's receivables consist primarily of royalty amounts due from the sale of crude oil and natural gas. Such amounts are considered past due after 180 days. The Company routinely assesses the recoverability of all material receivables to determine their collectability. Generally, the Company's crude oil and natural gas receivables are collected within two months of production. The Company accrues a reserve on a receivable when, based on the judgment of management, it is probable that a receivable will not be collected and the amount of any reserve may be reasonably estimated. As of September 30, 2015 and 2014, the Company had not identified any significant balances which it believed were uncollectible.

Oil and gas reserves - The determination of depreciation and depletion expense as well as impairment related write-downs of the recorded value of the Company's oil and gas properties are highly dependent on the estimates of proved oil and gas reserves. Oil and gas reserves include proved reserves that represent estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. There are numerous uncertainties inherent in estimating oil and gas reserves and their values, including many factors beyond the Company's control. Accordingly, reserve estimates are often different from the quantities of oil and gas ultimately recovered and the corresponding lifting costs associated with the recovery of these reserves.

Method of accounting for oil and gas properties - The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalized as construction in progress pending determination of whether the wells result in proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and are subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditures will be required before production can commence, the related well costs remain capitalized only if additional drilling is underway or firmly planned. Otherwise the related well costs are expensed as dry holes. For the years ended September 30, 2015 and 2014, the Company did not have any significant capitalized exploration and evaluation assets.

Depreciation and depletion of proved oil and gas properties is computed using the units-of-production method based on estimated proved oil and gas reserves. During the years ended September 30, 2015 and 2014, the Company recognized \$3,710 and no depletion and depreciation expense, respectively, related to its oil and gas properties.

TEXHOMA ENERGY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2015 (unaudited) and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations - ASC Topic 410, *Asset Retirement and Environmental Obligations*, requires companies to recognize a liability for an asset retirement obligation (ARO) at fair value in the period in which the obligation is incurred, if a reasonable estimate of fair value can be made. The Company's ARO obligation would pertain to the future costs of plugging and abandoning its oil and gas properties, the removal of equipment and facilities, and returning such land to its original condition.

The Company has not recorded an ARO for the future estimated reclamation costs associated with the working interests owned by the Company. The Company believes that any such liability would not be material to the consolidated financial statements taken as a whole.

2. GOING CONCERN ISSUES

We cannot provide any assurances that the Company will be able to secure sufficient funds to satisfy the cash requirements for the next 12 months, nor that it will be successful in its endeavors to revive its oil and gas activities. The inability to secure additional funds would have a material adverse effect on the Company.

These consolidated financial statements are presented on the basis that the Company will continue as a going concern. No adjustments have been made to these consolidated financial statements to give effect to valuation adjustments that may be necessary in the event the Company is not able to continue as a going concern. The effect of those adjustments, if any, could be substantial.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which contemplate continuation of the Company as a going concern. The Company has incurred \$13,191,563 in cumulative losses to date. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from its stockholders and third party financing.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. There is no assurance that the Company will receive the necessary capital required to fund its acquisition and exploration plans.

3. STOCKHOLDERS' DEFICIT

Prior to October 28, 2013 the Company had authorized 1,000,000 shares of preferred stock at \$0.001 par value and 300,000,000 authorized shares of common stock at \$0.001 par value. On October 28, 2013, the Company filed a Certificate of Amendment increasing the number of capital stock authorized to 750,000,000 common stock shares with the same par value and 1,000,000 preferred stock shares with a \$0.001 par value. In addition, on October 28, 2013, the Company effected a reverse stock split whereby every 1,000 shares of common stock issued and outstanding were automatically reclassified and combined into one share of common stock ("Reverse Stock Split"). The Reverse Stock Split has been reflected retroactively in these financial statements for all periods presented.

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3. STOCKHOLDERS' DEFICIT (continued)

On November 19, 2013, the Company executed a Subscription Agreement with a limited liability company wholly owned by the Company's CEO to purchase 50,000,000 common stock shares for a purchase price of \$5,000.

Between December 10, 2013 and April 23, 2015, the Company issued ASC Recap (RECAP) and it's assigns a total of 1,038,811,986 shares of common stock pursuant to the October 23, 2013, Settlement Agreement and subsequent Court Order on November 7, 2013 (Note 6). The shares are being sold by ASC and 75% of the net proceeds will be used to settle the outstanding debts as ordered by the court.

On January 5, 2014, the Company executed a Subscription Agreement with a corporation wholly owned by the CEO and President of ASL Energy Corp. (Notes 5 and 7) to purchase 50,000 shares of Series B Convertible Preferred Stock for a purchase price of \$25,000.

On January 21, 2014, the Company filed a Certificate of Designation establishing a Series B Convertible Preferred Stock initially consisting of 50,000 shares. The shares do not pay dividends and are preference in liquidation above other classes of common or preferred shares. The shares are convertible at the holder's option into up to 4.99% of the Company's common stock outstanding after giving effect to the conversion.

On April 14, 2014, the Company executed a Subscription Agreement with the CEO and President of ASL Energy Corp. (Notes 5 and 7) and issued 4,000,000 common stock shares for a purchase price of \$4,000. An additional 1,000,000 shares of common stock was issued to an unrelated party for a purchase price of \$1,000.

4. STOCK OPTIONS AND WARRANTS

Costs attributable to the issuance of stock options and share purchase warrants are measured at fair value at the date of issuance and offset with a corresponding increase in 'Additional Paid in Capital' at the time of issuance. When the options or warrants are exercised, the receipt of consideration is an increase in stockholders' equity. There was no stock option or warrant activity during the years ended September 30, 2015 and 2014 and at September 30, 2015 no options or warrants were outstanding.

5. ADVANCES PAYABLE, ASL ENERGY CORP.

During the year ended September 30, 2015 and 2014, the Company received short term advances from the CEO and President of ASL Energy Corp. (Notes 3 and 7) totaling \$15,390 and \$121,834, respectively, and the Company repaid \$40,598 of such advances during the year ended September 30, 2014. In addition, these advances were converted by \$58,000 to Convertible Notes Payable and \$25,000 in exchange for 50,000 shares of Series B preferred stock shares (Note 3) during the years ended September 30, 2015 and 2014, respectively. At September 30, 2015 and 2014, advances payable totaled \$15,551 and \$58,161, respectively. The advances are due upon demand, non-interest bearing and unsecured.

6. CONVERTIBLE SETTLEMENTS PAYABLE

On November 7, 2013, the Circuit Court of the Second Judicial Circuit for Leon County, Florida approved the October 23, 2013 Settlement Agreement, entered into between the Company and ASC Recap, LLC (RECAP) whereby a total of \$1,482,593 of outstanding debts were acquired by RECAP from various creditors in July 2013, including \$817,245 owed to the previous management services company, ASL Energy Corp. (Note 8), and \$86,000 owed to Gilbert Steedley, our CEO. In satisfaction of the outstanding debts acquired by RECAP, we agreed to issue RECAP shares of our common stock at a 25% discount to market ("Settlement Shares") in various tranches and from which 75% of the proceeds from the sale of these shares by RECAP will be used to satisfy the

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6. CONVERTIBLE SETTLEMENTS PAYABLE (continued)

outstanding debts. The aggregate fair value amount associated with the issuance of these shares is estimated to be approximately \$2,075,000. The exact number of Settlement Shares to be issued pursuant to the Settlement Agreement is indeterminable, and RECAP is precluded from owning more than 9.99% of the Company's common stock at any given time. RECAP does not bear the risk of market loss. The difference between the amount of proceeds used to satisfy the outstanding debts and the fair value of the common stock shares issued will result in a loss on debt settlement.

Additionally, on November 14, 2013, the Company issued RECAP a convertible promissory note in the amount of \$25,000 maturing May 14, 2014. The note is convertible at a price equal to 50% of the lowest closing bid price for twenty days prior to conversion. The note carries no interest rate, is unsecured and as of November 14, 2014 remains outstanding and in default although the holder has made no demand for settlement of the note.

7. NOTES PAYABLE AND CONVERTIBLE LOANS

During November 2013, the Company executed a \$25,000 non-interest bearing note payable in favor of RECAP (Note 6) due and payable on May 14, 2014 as payment for expenses including legal fees incurred by RECAP relating to its acquisition of Texhoma's debt due to various creditors. Upon demand the note is convertible at a price equal to 50% of the lowest closing bid price for twenty days prior to conversion. As of November 14, 2014 the note remains outstanding and in default although the holder has made no demand for settlement of the note.

On April 17, 2014, the Company issued convertible notes payable to ASL Corp (Note 8) and the CEO and President of ASL Corp. in the amounts of \$115,681 and \$25,726, respectively, in exchange for accrued and unpaid management fees and for cash advances, respectively. Accrued interest due on the notes totaled \$6,894 and \$0 as of September 30, 2014 and 2013, respectively,

On July 31, 2014 the Company issued a convertible promissory note to its CEO and President in exchange for \$25,000. The note bears interest at 8% and is due and payable on July 31, 2015 or is convertible into common stock shares at a conversion price equal to the greater of 80% of the closing bid price at the conversion date or \$0.00001. Accrued interest due on the notes totaled \$339 and \$0 as of September 30, 2014 and 2013, respectively,

On August 19, 2014 the Company issued a convertible promissory note to an unrelated party in exchange for \$25,000. The note bears no interest, is due on August 31, 2015 and is convertible into common stock at a conversion price of 60% of the average closing price for the five days prior to conversion.

8. COMMITMENTS AND CONTINGENCIES

The Company is not currently a defendant in any material litigation or any threatened litigation that could have a material effect on the Company's consolidated financial statements.

9. SUBSEQUENT EVENTS

Between October 1, 2015 and December 29, 2015, the Company issued RECAP and its assigns a total of 312,146,000 shares of common stock pursuant to the October 23, 2013, Settlement Agreement and subsequent Court Order on November 7, 2013 (Note 6). The shares will be sold by RECAP and 75% of the net proceeds will be used to settle the outstanding debts as ordered by the court.

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10. INCOME TAXES

The Company has established deferred tax assets and liabilities for the recognition of future deductions or taxable amounts and operating loss carry forwards. Deferred federal income tax expense or benefit is recognized as a result of the change in the deferred tax asset or liability during the year using the currently enacted tax laws and rates that apply to the period in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax assets to the amounts that will more likely than not be realized.

For the years ended September 30, 2015 and 2014, a reconciliation of income tax expense at the statutory rate to income tax expense at the Company's effective tax rate is as follows:

	<u>2015</u>	<u>2014</u>
Income tax benefit at statutory rate	\$ 143,926	\$ 168,804
Other permanent differences	(44,446)	(64,369)
Change in valuation allowance	(99,480)	(104,435)
Provision for federal income taxes	<u>\$ -</u>	<u>\$ -</u>

Significant components of the Company's deferred tax assets at September 30, 2015 and 2014, computed using the federal statutory rate of 34%, are as follows:

	<u>2014</u>	<u>2013</u>
Net operating loss carry forwards	\$ 99,480	\$ 104,435
Valuation allowance	(99,480)	(104,435)
	<u>\$ -</u>	<u>\$ -</u>

During the years ended September 30, 2015 and 2014, the Company's valuation allowance increased by approximately \$99,500 and \$104,000, respectively. At September 30, 2015 and 2014, the Company had approximately \$406,480 and \$307,000, respectively, in unused net operating loss carry forwards. Unused net operating loss carry forwards may provide future tax benefits, although there can be no assurance that these net operating losses will be realized in the future. These losses may be used to offset future taxable income and, if not fully utilized, expire in the years 2034 through 2035.