

**United States Oil and Gas Corp**

**2009 Annual Report**

Year ending December 31, 2009

## General Company Information

<b>Item I.</b>	<b>The exact name of the issuer and its predecessor.....</b>	<b>3</b>
<b>Item II.</b>	<b>The address of the issuer’s principal executive offices .....</b>	<b>3</b>
<b>Item III.</b>	<b>The jurisdiction and date of incorporation.....</b>	<b>3</b>
<b>Item IV.</b>	<b>The exact title and class of securities outstanding.....</b>	<b>3</b>
<b>Item V.</b>	<b>Par or stated value and description of the security .....</b>	<b>3</b>
<b>Item VI.</b>	<b>Number of shares or total amount of securities outstanding for each class of securities authorized6</b>	
<b>Item VII.</b>	<b>The name and address of the transfer agent.....</b>	<b>6</b>
<b>Item VIII.</b>	<b>The nature of the issuer’s business (Including Additional Disclosure Guidelines for Issuers Engaged in Oil and Gas Producing Activities) .....</b>	<b>6</b>
<b>Item IX.</b>	<b>The nature of products or services offered .....</b>	<b>8</b>
<b>Item X.</b>	<b>The nature and extent of the issuer’s facilities .....</b>	<b>12</b>
<b>Item XI.</b>	<b>The Officers and Control Persons .....</b>	<b>12</b>
<b>Item XII.</b>	<b>Audited Financial Information for the fiscal period of 2009.....</b>	<b>16</b>
<b>Item XIII.</b>	<b>Financial information for two preceding fiscal years .....</b>	<b>26</b>
<b>Item XIV.</b>	<b>Beneficial Owners .....</b>	<b>30</b>
<b>Item XV.</b>	<b>Advisors .....</b>	<b>30</b>
<b>Item XVI.</b>	<b>Manager’s Discussion and Analysis or Plan of Operation .....</b>	<b>31</b>
<b>Item XVII.</b>	<b>Securities offerings and shares issued for services .....</b>	<b>34</b>
<b>Item XVIII.</b>	<b>Material Contracts .....</b>	<b>35</b>
<b>Item XIX.</b>	<b>Articles of Incorporation and Bylaws .....</b>	<b>35</b>
<b>Item XX.</b>	<b>Purchases of Equity Securities by the Issuer and Affiliated Purchasers.....</b>	<b>49</b>
<b>Item XXI.</b>	<b>Issuer’s Certifications.....</b>	<b>50</b>

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**A. General Issuer Information**

**Item I. The exact name of the issuer and its predecessor**

Current name is United States Oil and Gas Corp (USOG)

August 2006 – January 2008	Sustainable Energy Development Inc.
May 2006 – August 2006	Netgates Holding, Inc.
January 2006 – May 2006	Raspberry Holdings, Inc.
January 1996 – January 2006	Netgates, Inc.

**Item II. The address of the issuer's principal executive offices**

11782 Jollyville Road, Ste. 211B  
Austin, TX 78759

Telephone: 512-464-1225  
Fax: 512-276-6602  
[www.usaoilandgas.com](http://www.usaoilandgas.com)  
[investor.relations@usaoilandgas.com](mailto:investor.relations@usaoilandgas.com)

**Item III. The jurisdiction and date of incorporation**

Incorporated in Delaware, 1988

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**Part B Share Structure and Issuance History**

**Item IV. The exact title and class of securities outstanding**

1. Common Stock
  - (a) CUSIP number is 91232R 109
  - (b) Ticker: USOG

**Item V. Par or stated value and description of the security**

**A.** Par value of Common Stock is \$.000003. Par value of Preferred Stock is \$.001.

**B.** Common or Preferred Stock.

1. **Common Equity:**

Dividend

Dividends will be payable when, as and if declared by our Board of Directors. No dividends will accrue unless declared by our Board of Directors.

## Voting Rights

Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the secretary of the Corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

## Preemption Rights

Holders of the Common Stock will not be entitled to preemptive rights.

## 2. Preferred Stock:

Series A Convertible Preferred Stock (“Preferred Stock”)

### Conversion

Each Preferred Stock is convertible into shares of the Issuer’s common stock at a conversion price equal to 80% of the market value of the Issuer’s common stock.

For purposes of a conversion, “market value” is defined as the average of the “bid” and “ask” price of the Issuer’s common stock on as quoted on the Pink Sheets or any other reorganized stock market exchange for the three business days prior to the date of the holders “Request for Conversion”.

In the event of any reclassification of our common stock or recapitalization (other than as a result of a stock dividend, subdivision, or combination of shares, or any other event described in the preceding paragraph), holders of Preferred Stock will be entitled to receive, upon conversion, the kind and number of shares of common stock or other securities or property to which such holders of Preferred Stock would have been entitled if they held the number of shares of common stock into which Preferred Stock was convertible. In the event of a distribution payable in securities of other entities, evidences or indebtedness, assets or options or rights not referred to in the preceding sentence, the holders of Preferred Stock will be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of common stock into which Preferred Stock was convertible as of the record date fixed for determining the holders entitled to receive such distribution.

The conversion price will be subject to adjustment on a broad weighted average basis for certain issuances of our common stock at a purchase price less than the then-effective conversion price (or on a proportional basis, in the case of stock splits, stock dividends, combinations, distributions, recapitalizations and like transactions as discussed above), which issuances exclude: (i) the issuance of capital stock to employees, consultants, officers or directors of the Issuer directly or pursuant to stock option or restricted stock plans approved by the Board of Directors, (ii) the issuance of securities in connection with certain merger or acquisition transactions, (iii) the issuance of securities to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, (iv) the issuance of common stock upon conversion of any now existing class of our preferred stock, (v) the issuance of securities pursuant to the exercise of currently outstanding options, warrants or other rights to acquire securities of our Issuer, or (vi) stock splits, stock dividends or like transactions. No fractional shares of common stock will be issued upon conversion of the Preferred Stock. Instead, we will pay a cash adjustment for any fractional share.

## Voting Rights

The Preferred Stock will vote on an as-converted basis with the Issuer's common stock. Except as provided by law, the holders of the Preferred Stock will vote together with the holders of common stock as one class on all matters submitted to a vote of all of the Issuer's stockholders. The holders of the Preferred Stock will be entitled to vote as a separate class to approve (i) an acquisition, merger or similar transaction in which the stockholders immediately prior to the transaction will own less than 50% of the voting securities of the surviving Issuer, (ii) the sale of all or substantially all of the assets of our Issuer, (iii) the authorization or issuance by our Issuer of equity securities (or any equity or debt securities convertible into equity securities) ranking senior to the Preferred Stock with respect to dividends, distributions or rights upon liquidation, or (iv) any capital reorganization or reclassification by our Issuer of equity securities (or securities convertible into other securities) into equity securities ranking senior to the Preferred Stock with respect to dividends, distributions or rights upon liquidation.

#### Dividends

Dividends will be payable when, as and if declared by our Board of Directors. No dividends will accrue unless declared by our Board of Directors.

#### Liquidation Preference

Upon any liquidation, dissolution or winding up of our Issuer, holders of the Preferred Stock will be entitled to receive a liquidation preference of \$5.00 per share plus an amount equal to all declared and unpaid dividends. Preferred Stockholders will be entitled to receive this distribution in full before any payments are made to the holders of our common stock. After the holders of the Preferred Stock are paid the full amount of their liquidation preference, the holders will not be entitled to any further liquidation distributions. At the option of the holders of a majority of the outstanding shares of the Preferred Stock, the following events shall be considered a liquidation for purposes of this paragraph: (i) consolidation or merger of the Issuer with or into any other corporation or entity, or any other corporate reorganization, in which the stockholders of the Issuer immediately prior to such consolidation, merger or reorganization own capital stock of the entity surviving such merger, consolidation or reorganization representing less than fifty percent (50%) of the combined voting power of the outstanding securities of such entity immediately after such consolidation, merger or reorganization, or any other transaction or series of related transactions in which capital stock representing in excess of fifty percent (50%) of the Issuer's voting power is transferred to any single entity or group of related entities; or (ii) a sale, lease or other disposition of all or substantially all of the assets of the Issuer.

#### Preemptive Rights

Holders of the Preferred Stock will not be entitled to preemptive rights.

#### Redemption

The Issuer can redeem the Preferred Stock, at any time upon 30 days' written notice to the Preferred Stockholder at a redemption price of \$6.00 per share plus an amount equal to all declared and unpaid dividends. Upon receipt of a redemption notice from the Issuer, the Preferred Stockholder may choose to convert their Preferred Stock into common stock

#### **3. Other Material rights of Common or Preferred Shareholders**

None.

#### **4. Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the Issuer**

None.

**Item VI. Number of shares or total amount of securities outstanding for each class of securities authorized**

As of 12/31/09 there are:

1,875,000,000 common shares authorized  
998,677,620 common shares outstanding  
194,086,393 shares in the float  
2 beneficial shareholders  
1,085 shareholders of record

As of 12/31/09 there are:

10,000,000 preferred shares authorized  
126,263 preferred shares outstanding  
0 shares in the float  
0 beneficial shareholders  
27 shareholders of record

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**Part C Business Information**

**Item VII. The name and address of the transfer agent**

Transfer Online  
512 SE Salmon Street  
Portland, OR 97214

**Item VIII. The nature of the issuer's business (Including Additional Disclosure Guidelines for Issuers Engaged in Oil and Gas Producing Activities)**

**A. Business Development**

1. Form of organization: Corporation
2. Year of Incorporation: 1988
3. Fiscal year end date: Dec 31
4. USOG has not been in bankruptcy, receivership or any similar proceeding.
5. There has been no material change in ownership in any significant amount of assets.
6. There has been no default in any note, loan, lease or other indebtedness arrangement.
7. There has been no recent change of control.
8. There has been no recent Ten-percent increase or more of same class of outstanding equity.
9. The Issuer has not performed any stock split or dividend in 2009
10. The Issuer has not encountered any delisting from any securities exchange or deletion from the OTC Bulletin Board
11. There are no current legal proceedings against the Issuer.

**B. Business of Issuer**

We derive our revenue primarily from the distribution and sale of refined oil and gas products such as diesel, gasoline, and propane. Fuels are purchased from local suppliers, stored in on-site bulk storage plant and then sold and delivered to a broad range of regional customers via tanker truck. The

breakdown of sales is as follows: refined fuels (63% of revenue), propane (34%), lubricants (2%), and other oil-based products (1%).

We also have two patents pending; one for a Simple Fiber-optic Seismometer and the other for an Automated Leveling System. We intend to continue the development of this technology and possibly add additional technology that improves the efficiency of oil extraction and minimizes the environmental footprint of drilling activity. If the technology does not directly support the operations of the service business, we will seek to license or sell the technology to the exploration and drilling industry. Due to the uncertainty of marketability of the patents, we have not included any financial benefit from the patents in our financial projections.

1. SIC code is 5171, Establishments primarily engaged in the wholesale distribution of crude petroleum and petroleum products, including liquefied petroleum gas, from bulk liquid storage facilities
2. Currently conducting operations.
3. The Issuer is not a Shell Issuer under Rule 405 of the Securities Act
4. The Issuer has no parent Issuer. The Issuer has one wholly owned subsidiary, Turnbull Oil, (“Turnbull”), a Kansas corporation, incorporated in 1976. Turnbull has one wholly owned subsidiary, Basinger, Inc. located in Utica, Kansas.
5. We comply with federal and state environmental regulations pertaining to licenses to distribute and sell refined fuels.
6. USOG holds two patents pending and has been developing them since 2007
  - (a) A fiber-optic seismometer for rugged environments
  - (b) A leveling system for portable drilling rig.
7. Costs for compliance with environmental regulations were approximately \$12,000 per year.
8. The Issuer has 11 employees.

### **C. Additional Disclosure for Oil and Gas Producing Activities**

#### **1. Oil Production**

- (a) For each of the last three fiscal years by the same geographic areas for which production data are required by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards provide:

- (i) Average sales price per unit of oil produced and of gas produced:

Not applicable. No oil or gas has been produced by the Issuer in the last three fiscal years

- (ii) Average production cost per unit of production:

Not applicable. No oil or gas has been produced by the Issuer in the last three fiscal years

#### **2. Productive Wells and Acreage**

- (a) As of reasonably current date or as of the end of the most of the most recent-fiscal year, the total gross and net productive wells, expressed separately for oil and gas, and the total gross and net developed acres by the geographic areas.

- (i) Not applicable. The Issuer currently does not own any productive wells or developed acres

#### **3. Undeveloped Acreage**

- (a) As of a reasonable current date or as of the end of the most recent fiscal year, the amounts of undeveloped acreage, both leases and concessions, if any, expressed in both gross and net

acres by appropriate geographic area, together with an indication of acreage concentrations, and, if material, the minimum remaining terms of leases and concessions.

(i) Not applicable. The Issuer currently does not own any amounts of undeveloped acreage.

#### 4. **Drilling Activity**

(a) For each of the last three fiscal years by appropriate geographic area:

(i) The number of net productive and dry exploratory wells drilled.

Not applicable. The Issuer currently does not own any exploratory wells

(ii) The number of net productive and dry development wells drilled.

Not applicable. The Issuer currently does not own any development wells.

#### 5. **Present Activities**

(a) Present activities, such as the number of wells in process of drilling, waterfloods in process of installation, pressure maintenance operations, and other related operations of material importance by appropriate geographic areas.

Not applicable. The Issuer has no present drilling activities.

#### 6. **Delivery Commitments**

(a) If the Issuer is obligated to provide a fixed and determinable quantity of oil or gas in the near future under existing contracts or agreements, material information concerning the estimated availability of oil and gas from any principal sources.

Not applicable. The Issuer is currently not obligated to provide a fixed or determinable quantity of oil and gas in the near future under existing contracts or agreements.

### **Item IX. The nature of products or services offered**

- A. We identify and attempt to acquire domestic oil and gas service companies, those that primarily market and distribute refined fuels and propane to retail and wholesale customers. Our targets are small to mid size family-run companies with historically profitable results, strong balance sheets, high profit margins, and solid management teams in place. Oil and gas service companies such as ours purchase bulk fuel and propane from regional suppliers, then store, sell, and deliver to local businesses, drillers, farms, wholesalers, and individuals. The margin on sales is adjusted according to purchase price. Therefore, while sales volume can vary greatly from one year to the next (because of large fluctuation in wholesale fuel costs), margin and profit remain fairly constant. We intend to improve operational efficiencies through application of executive level expertise and hope to gain additional advantages by realizing synergies among the acquired companies.

We acquired our first company, Turnbull Oil, located in Plainville, Kansas, on May 15, 2009. We made our second acquisition, United Oil & Gas, Inc., located in Bottineau, North Dakota, effective January 1, 2010. We intend to continue to integrate our acquisitions with a short-term focus on expanding within the oil and gas service sector and have identified additional acquisition opportunities in the state of Kansas. This will allow us to realize efficiency gains from shared equipment between acquired companies and develop a regional growth strategy.



We deploy a proprietary prospecting system to identify companies that fit our strategy. The system incorporates successful middle-American companies that are not readily targeted by large conglomerate industries. Our management then intends to use its operational expertise to grow profits through streamlined processes and the synergies between the companies that are purchased.

In addition to our acquisition strategy, we intend to acquire and/or develop and deploy proprietary technologies that will explore or extract oil and gas trapped in the earth using the latest technologies that create the smallest ecological footprint as possible. We have two patents pending that support this ancillary strategy but do not rely on revenue generation from this technology in our financial projections.

**B. Distribution method for products or services.**

Fuel and propane is transported and distributed through the use of tanker trucks. The Company services customers located roughly within a 120 mile radius from Plainville, Kansas.

**C. There have been no publicly announced new products or services.**

**D. Competition**

The refined fuels industry is highly fragmented, characterized by a large number of relatively small, independently owned and operated local distributors. We compete with other refined fuels distributors offering a broad range of services and prices, from full service distributors to those that solely offer the delivery service. We have developed a range of sales programs and service offerings for our customer base in order to be viewed as a full service energy provider and to build customer loyalty. For instance, like most companies in the refined fuels business, we provide home heating equipment repair service to our customers through our services business on an on-call basis. The refined fuels business unit also competes for retail customers with suppliers of alternative energy sources, principally natural gas, propane and electricity.

Though it is one of refined fuels major competitors, propane is generally more expensive. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Refined fuels and propane also serve as alternatives to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon refined fuels and propane. However, natural gas pipelines are not present in many regions of the country where refined fuels and propane are sold for heating and cooking purposes.

Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers with suppliers of electricity, refined fuels and oil byproducts and natural gas, principally on the basis of price, service, availability and portability. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating, and cooking. In some areas electricity may have a competitive price advantage or be relatively equivalent in price to propane due to government regulated rate caps on electricity. Additionally, high efficiency electric heat pumps have led to a decrease in the cost of electricity for heating.

The retail propane industry is mature, with only modest growth in total demand for the product foreseen. Therefore, our ability to grow within the industry is dependent on our ability to acquire other retail distributors and to achieve internal growth as well as the success of our sales and marketing programs designed to attract and retain customers. The failure to retain and grow our customer base would have an adverse effect on its long-term results.

The domestic propane retail distribution business is highly competitive. We compete in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution and we compete with them as well. The ability to compete effectively depends on providing high quality customer service, maintaining competitive retail prices and controlling operating expenses. We also offer customers various payment and service options, including fixed price and guaranteed price programs.

Based on the most recent annual survey by the American Petroleum Institute, 2007 domestic retail propane sales (annual sales for other than chemical uses) in the United States totaled approximately 9.6 billion gallons. Based on LP-GAS magazine rankings, 2007 sales volume of the ten largest propane companies represented approximately 43% of domestic retail sales.

Cenex is our biggest corporate competitor in both Kansas and North Dakota. Cenex is the energy brand of a large established conglomerate, CHS Inc., and caters primarily to very large customers (mostly gas station chains).

Farming co-ops which are businesses put together by large farms to service themselves are also competitors. They tend to compete well on price. However, they are starting to get out of the propane business as it is not their core competency and our market share on propane should continue to increase in the future.

We believe our acquisition strategy is a unique competitive advantage in that it offers sellers the peace of mind that comes with significant financial gain as well as the comfort of maintaining control of their business in the short to mid term. There is a significant emotional investment made by small business owners who have grown to a certain level of success. We offer them the benefit of the payoff while keeping the emotional investment in tact. We feel we can gain financial synergies by combining these successful businesses under one roof; adding operational expertise, improving marketing, and achieving cost saving synergies by buying in larger quantities from suppliers and sharing key operational assets.

#### **E. Raw materials / suppliers**

At Turnbull, approximately 95% of cost of goods sold per quarter is made up of refined fuels and propane. Fuels are purchased from local suppliers and then sold and delivered to a broad range of regional customers. The following is a list of key suppliers and estimated percentage of purchases:

Refined fuels are primarily supplied by: Coffeyville (43%), Valero (38%), and Gromark (15%). LPG is primarily supplied by: Gromark (35%), Plains (32%), and Alliance (28%).

Turnbull has been in business for over thirty years, and has developed long-standing relationships with its key suppliers. The average duration of the relationship between Turnbull and its key suppliers is six years. Typically, Turnbull agrees to purchase a set amount of fuels on a monthly basis and therefore has the flexibility of seeking out best pricing. The Midwest region also benefits from having a wide variety of suppliers and propane costs that are lower than the rest of the country. During the past five years, propane prices have been 13% lower on average in the Midwest compared to the overall U.S. average according to the U.S. Energy Information Administration.

#### **F. Customers**

In Kansas, customers span twenty counties or roughly a 120 mile radius from Plainville, Kansas. Turnbull owns its own distribution system of tankers and haulers, and has incrementally added to its

property, plant and equipment without overburdening its balance sheet. At United, we sell fuels across the Dakotas, and in nine counties.

Fuels are purchased from local suppliers and then sold and delivered to a broad range of regional customers. This diversification of customer base, mitigates dependence on any one segment, and has allowed us to turn a profit and increase revenue even in a down economy. Customers are primarily wholesale businesses, farmers, drillers, private individuals and construction businesses. The chart below shows the percentage of revenue these customers provided in a recent quarter. Historically, this breakdown has remained relatively steady from quarter to quarter. While fuel sales remain fairly constant throughout the year, propane sales are significantly higher in the winter months when heating fuel is in high demand. All employees have a commission component to compensation in order to encourage sales.

Customers typically purchase set amounts of fuels on an annual basis. We have sixteen wholesales customers, the largest of which represents 8.5% of sales. The top five retail customers comprise 5.8% of revenue. We have approximately 670 total customers.

- G. USOG holds two patents pending and has been developing them since 2007
  - (a) A fiber-optic seismometer for rugged environments
  - (b) A leveling system for portable drilling rig.

- H. The Issuer has products that currently need approval by government agencies for their use.

We are subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of refined fuels and propane and the operation of bulk storage terminals. These laws include, among others, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), the Clean Air Act, the Occupational Safety and Health Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA imposes joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a “hazardous substance” into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of federal and most state environmental laws.

With respect to the transportation of refined fuels and propane by truck, we are subject to regulations promulgated under federal legislation, including the Federal Motor Carrier Safety Act and the Homeland Security Act of 2002. Regulations under these statutes cover the security and transportation of hazardous materials and are administered by the United States Department of Transportation (“DOT”) or similar state agencies. We conduct ongoing training programs to help ensure that our operations are in compliance with applicable safety regulations. We maintain various permits that are necessary to operate our facilities, which are material to our operations. We believe that the procedures currently in effect at all of our facilities for the handling, storage and distribution of refined fuels and propane are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations. Each year, we spend approximately twenty-four hours of training per employee in order to maintain proper compliance. To date, we are currently fully compliant. We hold the necessary licenses and comply with the training requirements and record keeping guidelines set by the agency.

National Fire Protection Association (“NFPA”) Pamphlet Nos. 54 and 58, which establish rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted, in whole, in part or with state addenda, as the industry standard for propane storage, distribution and equipment installation and operation in the states in which we operate. In some states these laws are administered by state agencies such as the Kansas Fire Marshall, and in others they may be administered on a municipal level. Pamphlet No. 58 has adopted storage tank valve retrofit requirements due to be completed by June 2011 or later depending on when each state adopts the 2001 edition of NFPA Pamphlet No. 58. To address this we have a program in place to meet this deadline.

NFPA Pamphlet Nos. 30, 30A, 31, 385 and 395, which establish rules and procedures governing the safe handling of distillates (fuel oil, kerosene and diesel fuel) and gasoline, or comparable regulations, have been adopted, in whole, in part or with state addenda, as the industry standard for fuel oil, kerosene, diesel fuel and gasoline storage, distribution and equipment installation/operation in all of the states in which we sell those products. In some states these laws are administered by state agencies and in others they are administered on a municipal level.

The Environmental Protection Agency (EPA) provides oversight and guidelines for spill prevention and containment control. As such we recently installed a new retaining wall and fencing at our Turnbull facility to comply with EPA containment requirements. We foresee no other near term requirements with which we are not already in compliance.

The Kansas State Fire Marshall imposes regulations and licensing requirements for propane storage and distribution. The Kansas State Department of Weights and Measures provides oversight and testing of measuring devices such as the meters on delivery trucks and fuel pumps. For both of the state regulatory bodies, we hold all the necessary licenses required, and foresee no other near term requirements for which we are not already in compliance.

#### **Item X. The nature and extent of the issuer's facilities**

The Issuer has offices at:  
11782 Jollyville Road, Ste. 211B  
Austin, TX 78759

The Company owns the following land and buildings in Kansas:

- Office building in Plainville;
- Truck and trailer maintenance, repair, and storage facility in Plainville;
- Bulk fuel and propane storage plant in Plainville;
- Fuel warehouse and storage plant in Palco;
- Office, warehouse, maintenance, and storage facility in Utica; and
- Propane plant in Utica.

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### **Part D Management Structure and Financial Information**

#### **Item XI. The Officers and Control Persons**

##### **A. Officers and Directors.**

##### **CEO, President, Treasurer**

- 1) Alex Tawse
- 2) Same as Corporate Address
- 3) Employment History

##### **KAIZEN INSTITUTE**

Vice President of Operations 2005 to February 2007

- Managed consulting and training operations for North American business unit;
- Managed budget, P&L, marketing strategy, and implementation of strategic plan
- Hired and trained consulting, marketing, and office staff
- Developed new business and managed customer relations

- Restructured operations and internal management systems to improve revenue generation and customer retention
- Generated over two million dollars of new contracts in 2006
- Acquired new clients; Stewart & Stevenson, Dannon Yogurt, Bacardi, Sypris Technologies, JB Poindexter, BioMerieux, and Hella Lighting
- Established strategic partnership with lean software provider to co-market products and services
- Established the Kaizen College; trained over 250 business executives to effectively implement a sustainable lean strategy of continuous improvement.

#### KAIZEN INSTITUTE

Chief Financial Officer 1998 to 2005

- Established global headquarters in Zug, Switzerland; managed Issuer finances, G/L, cash flow, and reporting; hired and supervised accounting staff; secured access to capital
- Realized annual labor cost savings of over \$200k through lean accounting systems and policies
- Reduced cash collection cycle from 120 days to 45 days
- Established affiliate offices in Poland, Romania, Czech Republic, and New Zealand
- Restructured U.S. business unit; obtained financing; secured investors; developed compensation structure for independent consultants; reduced overhead costs by 50%

Lean Consultant & Trainer 2002 to 2007

- Achieved over \$10 million in annual cost savings for customers; Bacardi (U.S., Italy and U.K.), Nike (China), Aviacor (Russia), Kraft Foods, Dannon, and Stewart and Stevenson
- Guided top management and shop floor personnel to achieve competitive advantage through improved production systems, greater process flexibility, and increased throughput capacity; without investment in new equipment or additional labor
- Provided pro-bono consulting to local community center to improve customer service
- Developed, utilized and trained others in lean principles and tools such as:
- Total Quality Systems • Kaizen Office Systems • 5S
- Process Standardization • JIT/Pull Systems (Kanban) • Mistake Proofing
- Value Stream Mapping • Total Change Management • Cell Design
- Quick Changeover (SMED) • Total Productive Maintenance • Lean Accounting

- 4) No Board Membership or other affiliations
- 5) Mr. Tawse currently earns \$10,000 a month
- 6) Mr. Tawse owns 30,000,000 restricted common stock shares

#### Secretary

- 1) Matthew Maza
- 2) Same as Corporate Address
- 3) Employment History

Matthew has been Secretary since June of 2008. His duties entail updating the corporate state filings and keeping records of the actions taken by the board of directors and shareholders.

Matthew is an attorney at Cident Law Group PLLC since October 2007. Prior to that he was a financial analyst creating projections and models for capital-finding purposes. In 2005 and 2006, he was an attorney drafting and reviewing financing memoranda, ensured that transactions complied with SEC rules and regulations for private offerings, as well as drafting and negotiating contracts, letters of intent, letters of merger termination, NDAs, private placement memoranda, and acquisition or merger agreements.

Matthew has a LLM in Taxation from the University of Washington, a Juris Doctorate and Masters in Business from Seattle University. He went to the University of Washington for undergraduate, gaining a

degree in molecular biology and a degree in economics. Currently, he is a member of Washington State Bar.

- 4) Board member of Insight Management Corporation
- 5) Mr. Maza currently receives \$2,000 a month
- 6) No ownership of common stock or preferred stock

#### **Director, Investor Relations Manager**

- 1) Michael Taylor
- 2) Same as Corporate Address
- 3) Employment History

Mr. Taylor has been a Board member since June 2009. His duties entail corporate governance, business development and investor relations. He also directs capital markets, financial analysis, valuation and institutional investment efforts.

Mr. Taylor has worked in the finance sector since 1996. For a large part of his career he served as the High Yield Corporate Bond Strategist at Bear Stearns & Co., rising to Managing Director/Principal, and was part of the firm's Global Corporate Credit Strategy & Analytics Group. During his eleven year tenure with Bear Stearns, Mr. Taylor provided his opinions for optimal asset and sector allocations to buy-side institutional portfolio and risk managers and quantitative and fundamental analysts through daily strategy notes, weekly commentary, and quarterly and annual outlook pieces. He also presented new credit products to sales trading and research teams, and advised multiple internal departments on structured finance new issuance and cross-market research and capital markets priorities. Mr. Taylor has traveled throughout the U.S. and Europe to discuss market dynamics with institutional investors presenting key market findings at major client and industry events. He also commented on market activity for the media, including Bloomberg, CNBC, Financial Times and The Wall Street Journal. Prior to founding in February 2009, a consulting business for private and early stage public companies seeking capital markets and investment banking assistance, Mr. Taylor spent a year as Vice President at a New York-based boutique investment bank, originating, valuing, structuring and placing private investments in public companies with market caps of \$50 million to \$300 million. In addition to capital raises, Mr. Taylor helped develop the M&A, asset-backed lending, equity line and debt trading practices of the firm.

Mr. Taylor earned a Master of Policy Sciences degree with a focus in Economics from the University of Maryland Graduate School in Baltimore Co., Maryland, and a Bachelor of Arts in American Studies from Trinity College in Hartford, Connecticut.

- 4) No Board Membership or other affiliations
- 5) Mr. Taylor currently receives \$2,500 a month
- 6) No ownership of common stock or preferred stock

#### **B. Legal/Disciplinary History**

1. There have been no criminal actions against any of the above members.
2. There has been no order, judgment, or decree by a court against any of the above members.
3. There have been no findings or judgment from the SEC, CFTC, or state securities regulator against any of the above members.
4. There has been no order barring, suspending, or otherwise limiting any of the above persons' involvement in any type of business or securities activities.

#### **C. Disclosure of Family Relationships**

There are no family relationships among or between issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent of the any class of the issuer's equity securities.

**D. Disclosure of Certain Relationships for the last Two Fiscal Years.**

- 1) Kaleidoscope Real Estate, Inc., a shareholder had more than 5% ownership as of June 2009. As of December 31, 2009, does not own more than 5% ownership.
- 2) A paid consultant for the Issuer
- 3) Approximately \$120,000 in 2009
- 4) Kaleidoscope, Inc. provides a service.
- 5) A consulting contract with the Issuer in providing financing consulting for the purpose of a) providing assistance with due diligence processes, capital structures, and capital resources such as accredited investors, private equity participants, micro/small cap equity funds, broker/dealers, and institutional investor relationships; b) structuring and providing alternative sources for accounts receivable, purchase order and other asset-based or cash flow financing; c) identify and coordinate investor relations services; d) guidance and assistance in available alternatives to maximize shareholder value; e) development of potential strategic alliances, mergers and acquisitions; and f) periodic preparation and distribution of research reports and other information to the broker/dealer and investment banking community.

**E. Disclosure of Conflict of Interest**

There are no transactions or conflicts of interests between any related party, executive officer, or director with competing professional or personal interests.

**Item XII. Audited Financial Information for the fiscal period of 2009**

**CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2009**

ASSETS	2009
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 337,350
Accounts receivable – trade, net	1,359,698
Note receivable	350,000
Inventory	194,093
Prepaid Expenses	38,281
Deferred tax asset	102,000
Total Current Assets	2,381,422
<b>PROPERTY AND EQUIPMENT, net</b>	
Other Assets	
Deposits	171,490
Intangible Assets	6,050
Accumulated Amortization	(5,004)
Goodwill	3,039,734
Total Other Assets	3,212,279
Total Assets	5,688,253
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>CURRENT LIABILITIES:</b>	
Notes Payable – Current	3,750,000
Convertible Notes Payable	420,400
Accounts Payable	599,491
Accrued Expenses	65,395
Interest Payable	38,126
Taxes Payable	194,509
Total Current Liabilities	5,067,921
Notes Payable – Long Term	750,000
Total Liabilities	5,817,921
<b>STOCKHOLDERS' EQUITY</b>	
Common Stock, .000003 par value, 1,875,000,000 shares authorized, 998,677,620 issued and outstanding at December 31, 2009	2,996
Preferred Stock, .001 par value, 10,000,000 shares authorized, 126,263 issued and outstanding pari passu or senior to any new preferred shares, convertible to common stock at 80% of market price, callable any time at \$6 per share, dividends shall not accrue unless declared, \$5 per share liquidation preference	126
Additional Paid In Capital	2,145,361
Retained Earnings (Deficit)	(2,278,151)
Total Stockholders' equity	(129,668)
Total Liabilities and Stockholders' Equity	5,688,253

See Notes to Financial Statements



**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>
<b>SALES, net</b>	\$ 9,354,435
Cost of Goods Sold	(8,358,340)
Gross Profit	996,095
Operating Expenses	
Salaries and Benefits	296,318
Consultant Fees	360,022
Service and Prospecting Fees	346,628
Travel and Entertainment	10,100
Professional Fees	177,696
General and Administrative	45,495
Repairs and Maintenance	34,264
Depreciation	75,219
Amortization	269
Bad Debt Expenses	260,626
Other Operating Expense	108,856
Total Operating Expenses	1,715,493
Income (loss) from Operations	(719,398)
Non-Operating Income (expense):	
Interest Income	34,966
Interest Expense	(154,208)
Acquisition Costs	
Recovery of bad debt	285,634
Total Non-Operating Income, net	166,392
Income (loss) Before Income Taxes	(553,006)
Income Tax Expense	287,035
<b>NET INCOME (LOSS)</b>	<b>(840,041)</b>

See Notes to Financial Statements

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income (loss)	\$ (840,041)
Adjustments to reconcile net income to net cash	
Depreciation and amortization	78,246
Changes in operating assets and liabilities:	
Accounts Receivable	(632,417)
Inventories	(31,993)
Prepays	(30,281)
Deferred tax	(53,700)
Accounts payable	403,279
Accrued expenses	85,951
Net cash provided by (used in) operating activities	(1,020,956)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(92,873)
Disposals of property and equipment	
Cash paid towards acquisitions and subsidiaries	(424,751)
Net cash provided by (used in) investing activities	(517,624)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from notes payable	1,170,400
Cash paid to acquire SEGV common stock	
Proceeds from sale of common stock	258,648
Proceeds from sale of preferred stock	122,048
Net cash provided by (used in) financing activities	1,551,096
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>12,516</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>324,834</b>
<b>CASH, END OF YEAR</b>	<b>337,350</b>
<b>SUPPLEMENTAL INFORMATION</b>	
Cash paid for interest	116,081
Cash paid for taxes	251,086
Non-cash items – note payable issued for investment in subsidiary	3,750,000

See Notes to Financial Statements

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>			
<b>Balance at December 31, 2008</b>			39,477,144	3,948	1,763,839	(1,438,110)	329,677
Sale of cvt. preferred shares, Series A	131,041	131			121,916		122,047
Series A Shares converted to common shares	(4,778)	(5)	5,973	1	4		
Sale of common shares			470,154	47	248,602		248,649
30 to 1 forward stock split (change in par value from \$.0001 per share to \$.000003 per share)			1,158,644,859				
Convert par value of common shares from .0001 to .000003				(1,000)	1,000		
Notes converted to common shares			79,490		10,000		10,000
Retirement of founder shares			(200,000,000)				
Net Income (loss)						(840,041)	(840,041)
<b>Balance at December 31, 2009</b>	<u>126,263</u>	<u>126</u>	<u>998,677,620</u>	<u>\$ 2,996</u>	<u>\$ 2,145,361</u>	<u>\$ (2,278,151)</u>	<u>\$ (129,668)</u>

See Notes to Financial Statements

**UNITED STATES OIL AND GAS CORP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Operations and Concentration of Credit Risk*

The principal business activities of United States Oil and Gas Corp, (the Company) is the acquisition of domestic oil and gas service companies, those that primarily market and distribute refined fuels and propane to retail and wholesale customers. The Company's office is located in Austin, Texas. The Company acquired its first company, Turnbull Oil, Inc. ("Turnbull"), located in Plainville, Kansas, on May 15, 2009.

Turnbull is a corporation organized under the laws of Kansas. It is the parent of its wholly owned subsidiary Basinger, Inc., also a corporation organized under the laws of Kansas. The corporations are bulk distributors of petroleum products from Plainville, Palco, Hill City and Utica, Kansas. Their primary customers are businesses in the agricultural and oil related industries in Kansas.

Oil and gas service companies such as Turnbull purchase bulk fuel and propane from regional suppliers, then store, sell, and deliver to local businesses, drillers, farms, wholesalers, and individuals. The margin on sales is adjusted according to purchase price. Therefore, while sales volume can vary greatly from one year to the next (because of large fluctuation in wholesale fuel costs), margin and profit remain fairly consistent.

In addition to its acquisition strategy, the Company intends to acquire and/or develop and deploy proprietary technologies that will explore or extract oil and gas trapped in the earth using the latest technologies that create the smallest ecological footprint as possible. The Company has two patents pending that support this ancillary strategy but does not rely on revenue generation from this technology in its financial projections.

*Principles of Consolidation*

The consolidated financial statements include the accounts of Turnbull and its wholly-owned subsidiary, Basinger, Inc. Intercompany balances and transactions are eliminated in consolidation.

*Development Stage Activities*

During 2008, the Company was considered a development stage company, as defined in the Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 7. The Company devoted substantially all of its efforts in securing and establishing a new business, and although planned operations commenced, no revenues had been realized.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains its cash accounts at banks which are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Company's deposits are periodically in excess of federally insured limits on a temporary basis.

*Accounts Receivable*

Accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends.

Accounts receivables of approximately \$1.4 million and \$0 million at December 31, 2009 and 2008, respectively, consist principally of trade receivables from a large number of customers dispersed across a wide geographic base in Kansas and have been reduced by allowances for doubtful accounts of approximately \$248,000 and \$0 at December 31, 2009 and 2008, respectively.

### ***Inventory***

Inventories are valued at the lower of cost, using the first-in, first-out (FIFO) method, or market.

### ***Property and Equipment***

Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. Depreciation is provided over the estimated useful lives of the individual assets using the accelerated and straight-line depreciation methods and range from five to 39 years.

### ***Use of Estimates***

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

### ***Revenue Recognition***

Revenue is generally recognized when persuasive evidence of an arrangement exists, delivery of the product has occurred, the fee is fixed and determinable, and collectability is probable.

### ***Advertising***

All advertising costs are expensed as incurred. Advertising expenses were approximately \$4,367 and \$0 during the years ended December 31, 2009 and 2008, respectively.

## **NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at December 31,:

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 1,607,698	\$ -
Allowance for uncollectible accounts	248,000	
	<u>\$ 1,359,698</u>	<u>\$</u>

## **NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31,:

	<u>2009</u>	<u>2008</u>
Buildings	\$ 118,822	\$ -
Equipment	332,724	12,457
Land	10,273	
Vehicles	868,154	
	<u>1,329,973</u>	<u>12,457</u>

Accumulated depreciation	(1,235,412)	(5,309)
	<hr/>	
	\$ 94,561	\$7,148
	<hr/>	

Depreciation and amortization expense for the years ended December 31, 2009 and 2008 totaled \$74,344 and \$3,902, respectively.

#### NOTE 4 - LINE OF CREDIT

The Company has a \$750,000 line of credit at Sunflower Bank, maturing April 14, 2010, with an interest rate of 1.3% plus the Wall Street Journal prime rate (3.25% as of December 31, 2009). The line of credit is secured by all accounts receivable, inventory and equipment. As of December 31, 2009, the balance outstanding is zero.

#### NOTE 5 – DEBT

Debt consisted of the following at December 31,:

	<u>2009</u>
Short term:	
Unsecured convertible notes payable with annual interest rate of 5%	\$ 99,800
Unsecured convertible notes payable with annual interest rate of 10%	<u>320,600</u>
Total convertible notes	420,400
Unsecured note payable with annual interest rate of 3.5%, maturing April 14, 2010.(See subsequent events for change in note terms.) Note is convertible to common stock.	\$ 3,750,000
Long term:	
Note payable with annual interest payable quarterly and maturing April 9, 2011.	<u>750,000</u>
Minimum principal payments of long term debt in subsequent years:	
2010	\$
2011	750,000
2012	
2013	
2014	

Interest expense on the notes payable for the year ended December 31, 2009 totaled \$154,208.

#### NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31,:

	<u>2009</u>	<u>2008</u>
Accrued salaries	\$ 12,807	\$ -
Accrued property tax	4,234	
Accrued state fuel tax	44,093	
Sales tax payable	2,209	
Miscellaneous accruals	<u>2,052</u>	

\$	65,395	\$	-

#### NOTE 7 – CONCENTRATIONS

The Company had concentrations with certain customers (receivables in excess of 10% of total) for the year ended December 31, 2009 as follows:

		2009	
		Amount	%
Customer A	\$	203,955	15%
Customer B		163,164	12%
Total	\$	367,118	27%

#### NOTE 8 – INCOME TAXES

The provision for income taxes consisted of the following at December 31,:

	2009	2008
Currently payable	\$ 340,735	\$ -
Change in deferred taxes	(53,700)	-
	\$ 287,035	\$ -

Because the Company and its subsidiary have different tax year ends, separate tax returns are filed. The amounts currently payable relate to the tax returns filed by Turnbull Oil, Inc. and its subsidiary.

Deferred tax assets results from temporary differences (primarily the allowance for uncollectible accounts) and consist of the following:

	2009	2008
Deferred tax asset		
Federal	\$ 84,000	\$ -
State	18,000	-
Total	\$ 102,000	\$ -

#### *Accounting for uncertain tax positions*

On January 1, 2009 the Company adopted a standard under which tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in our tax returns that do not meet these recognition and measurement standards.

Upon the adoption of the standard the Company had no liabilities for unrecognized tax benefits and, as such, the adoption had no impact on the Company financial statements and the Company has recorded no additional interest or penalties. The adoption of the standard did not impact the Company's effective tax rates.

The Company's policy is to recognize potential interest and penalties accrued related to unrecognized tax benefits within income tax expense. For the year ended December 31, 2009, the Company did not recognize any interest or penalties in the Company's statement of operations, nor did the Company have any interest or penalties accrued in our balance sheet at December 31, 2009 relating to unrecognized benefits. With few exceptions, the Company is no longer subject to U.S., federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2006.

### ***Net Operating Loss Carry Forward***

The Company has a net operating loss carry forward in the amount of \$1,438,010 that would normally generate a deferred tax asset in the amount of \$480,000. It is management's opinion that it is unlikely to utilize the net operating loss, therefore valuation allowance of \$480,000 has been established for a result in a net zero deferred tax asset.

### **NOTE 9 – EMPLOYEE BENEFIT PLAN**

The Company sponsors a Sec. 401(k) defined contribution retirement plan. Employees of the Company are eligible to participate in the plan. The Company matches the employees' contribution with an employer contribution up to 3% of gross salary.

The Company has made matching contributions to employees totaling \$6,959 for the year ended December 31, 2009 and \$0 for December 31, 2008.

### **NOTE 10 – COMMON STOCK**

Common stock consists of 1,875,000,000 authorized shares of \$0.000003 par value common stock. At December 31, 2009, 998,677,620 shares were issued.

### **NOTE 11 – PREFERRED STOCK**

Preferred stock consists of 10,000,000 authorized shares of \$0.001 par value. At December 31, 2009, 126,263 shares were issued and outstanding

### **NOTE 12 – RELATED PARTY TRANSACTIONS AND COMMITMENTS**

The Company has entered into various agreements with certain shareholders and affiliates for the years ended December 31, 2009 and 2008. Such commitments are expected to be satisfied through cash payments. Cash payments under these agreements amounted to \$990,881 for 2009, and \$790,000 for 2008.

These related party payments included:

<b>Contract</b>	<b>Affiliate</b>	<b>Monthly Amount</b>	<b>2009</b>	<b>2008</b>
The Company has entered into a contractual agreement for the procurement of human resources. Monthly service costs will vary based on services required and can be cancelled by either party with 30 days notice.	HR Management Systems is an affiliated company with Alex Tawse, President and Shareholder	Currently \$7,250 per month	\$216,000	\$275,000
The Company has ended a financial consulting agreement with Kaleidoscope Real Estate, Inc. as of June 30, 2009.	Kaleidoscope is no longer an affiliated company or shareholder	No current commitment	120,000	262,000
The Company has ended a contract with its former Chairman for services as of June 1, 2009.	Keith Field, former Chairman and current Shareholder	No current commitment		52,500
The Company has entered into a contract with its President for services.	Alex Tawse, President and Shareholder	Currently \$10,000 per month	96,000	91,000
The Company has paid The Good One for	The Good One is no			190,500



services in prior years and borrowed \$99,800 in 2009 in exchange for convertible note payable in shares at 5% interest. Conversion is at 80% of market price.	longer an affiliated company though is a shareholder			
The Company has paid Jeff Turnbull for prepaid interest on Note Payable. (See Note 15 – Subsequent Events for change in Note terms).	Jeff Turnbull is an Officer in Turnbull Oil		38,281	
The Company has paid United Oil in exchange for Note Receivable, for acquisition made on January 1, 2010. (See Note 15 – Subsequent Events).	United Oil is an affiliated company	No current commitment	350,000	
The Company has paid United Oil as deposit on acquisition made on January 1, 2010.	United Oil is an affiliated company	No current commitment	170,600	
			<u>170,600</u>	
			<u>\$900,881</u>	<u>\$790,000</u>

### NOTE 13 – SUBSEQUENT EVENTS

On January 1, 2010, the Company acquired its second wholly owned operating subsidiary, United Oil & Gas, Inc. (“United”), located in Bottineau, North Dakota. The principal business activities of United are sales, made throughout North Dakota and neighboring states, of molded and fabricated oil and gas; and the operation of a convenience store, located in Belcourt, North Dakota.

The Company purchased all of United’s 400 shares of its issued and outstanding capital stock with no par value in exchange for \$315,000 in cash, \$150,000 in stock valued at the lower per share price of current market value or \$0.025, and a promissory note (the “Note”) in the aggregate principal amount of \$500,000, bearing interest at 5.0% per annum and maturing on December 31, 2011. United shall have the exclusive right to control its daily business operations during the period of time beginning on the Closing Date and ending on the date upon which the Note is paid in full or otherwise terminates. Beginning on January 31, 2010, United shall make monthly payments to us in the amount of \$5,000 for so long as United maintains day-to-day control over its operations.

On February 1, 2010, \$247,500 of the convertible notes payable converted to 16,455,520 shares of common stock. The remaining balance of \$73,100 will automatically convert to common stock upon Bulletin Board listing.

On February 1, 2010 the Company sold 4,545,454 common shares to Mazuma Investments for \$50,000 under a Section 504 filing through the state of New York. On March 12, 2010 the Company sold an additional 8,333,333 shares to Mazuma for \$75,000 also under a Section 504 filing through the state of New York.

On March 3, 2010, the Company amended its Promissory Note dated May 15, 2009, issued to Jeff Turnbull. The Company agreed to pay Turnbull an additional \$250,000 at maturity on December 31, 2010, rather than on April 14, 2010.

The Company has evaluated subsequent events through March 29, 2010, the date these financial statements were issued.

### NOTE 14 – CASH FLOW

The Company has incurred substantial losses and debt in the acquisition of its subsidiaries. As of December 31, 2009, the Company’s current liabilities exceed its current assets by approximately \$2,686,500. These factors along with the uncertain economy create an uncertainty as to the Company’s ability to continue as a going concern. The Company is developing a plan to reduce its liabilities and improve its cash flows by issuing additional stock and notes payable along with improving operations. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**Item XIII. Financial information for two preceding fiscal years**

The Issuer does not have any business activities in 2007. The following is the financial information for 2008.

**CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2008**

<b>ASSETS</b>	<b>2008</b>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 324,834
Accounts receivable – trade, net	
Note receivable	
Inventory	
Prepaid Expenses	8,000
Deferred tax asset	
Total Current Assets	332,834
<b>PROPERTY AND EQUIPMENT, net</b>	<b>7,148</b>
Other Assets	
Deposits	
Intangible Assets	
Accumulated Amortization	
Goodwill	
Total Other Assets	
Total Assets	339,982
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>CURRENT LIABILITIES:</b>	
Notes Payable – Current	
Convertible Notes Payable	
Accounts Payable	10,305
Accrued Expenses	
Interest Payable	
Taxes Payable	
Total Current Liabilities	10,305
Notes Payable – Long Term	
Total Liabilities	10,305
<b>STOCKHOLDERS' EQUITY</b>	
Common Stock, .000003 par value, 1,875,000,000 shares authorized, 998,677,620 issued and outstanding at December 31, 2009	3,948
Additional Paid In Capital	1,763,839
Retained Earnings (Deficit)	(1,438,110)
Total Stockholders' equity	329,677
Total Liabilities and Stockholders' Equity	339,982

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008
<b>SALES, net</b>	<b>\$</b>
Cost of Goods Sold	
Gross Profit	
Operating Expenses	
Salaries and Benefits	
Consultant Fees	337,860
Service and Prospecting Fees	513,910
Travel and Entertainment	
Professional Fees	
General and Administrative	
Repairs and Maintenance	
Depreciation	
Amortization	3,902
Bad Debt Expenses	
Other Operating Expense	136,025
Total Operating Expenses	991,697
Income (loss) from Operations	(991,697)
Non-Operating Income (expense):	
Interest Income	6,261
Interest Expense	
Acquisition Costs	(50,000)
Recovery of bad debt	
Total Non-Operating Income, net	(43,739)
Income (loss) Before Income Taxes	(1,035,436)
Income Tax Expense	
<b>NET INCOME (LOSS)</b>	<b>(1,035,436)</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income (loss)	\$ (1,035,436)
Adjustments to reconcile net income to net cash	
Depreciation and amortization	3,902
Changes in operating assets and liabilities:	
Accounts Receivable	
Inventories	
Prepays	
Deferred tax	
Accounts payable	7,879
Accrued expenses	
Net cash provided by (used in) operating activities	(1,023,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(1,799)
Disposals of property and equipment	
Cash paid towards acquisitions and subsidiaries	
Net cash provided by (used in) investing activities	(1,799)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from notes payable	
Cash paid to acquire SEGV common stock	(175,000)
Proceeds from sale of common stock	1,317,351
Proceeds from sale of preferred stock	
Net cash provided by (used in) financing activities	1,142,351
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	116,897
<b>CASH, BEGINNING OF YEAR</b>	207,937
<b>CASH, END OF YEAR</b>	324,834

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Common Stock</u>				
	<u>Shares</u>	<u>Par Value</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
<b>Balance at December 31, 2007</b>	36,132,660	\$ 3,613	\$ 621,823	\$ (402,674)	\$ 222,762
Common stock issued, net costs pre reverse merger	1,251,053	125	477,123		477,248
Acquisition of SEGV common stock issued in reverse merger, including 30-1 reverse split less 300,000 treasury shares	286,567	29	(174,970)		(174,941)
Common stock issued, net costs post reverse merger	1,806,864	181	839,863		840,044
<b>Balance at December 31, 2008</b>	<u>39,477,144</u>	<u>3,948</u>	<u>1,763,839</u>	<u>(1,438,110)</u>	<u>329,677</u>

#### Item XIV. Beneficial Owners

The following individuals/companies have more than 5% in USOG, as of December 31, 2009:

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned<sup>1</sup></b>	<b>Percent of Class<sup>2</sup></b>
Tech Development LLC C/O Cident Law Group 1425 Broadway, #454 Seattle, WA 98122	330,300,000	33.1%
Kytin Holdings LLC C/O Cident Law Group 1425 Broadway, #454 Seattle, WA 98122	137,500,000	13.8%

<sup>1</sup> According to the rules and regulations of the SEC, shares that a person has a right to acquire within 60 days of the date of this registration statement are deemed to be beneficially owned by such person and are deemed to be outstanding only for the purpose of computing the percentage ownership of that person. Except as otherwise indicated, and subject to applicable community property and similar laws, each of the persons named has sole voting and investment power with respect to the shares shown as beneficially owned.

<sup>2</sup> Based on 998,677,620 shares of common stock actually issued and outstanding.

#### Item XV. Advisors

- A.** Legal Counsel:  
Andrews Kurth LLP  
111 Congress Avenue, Suite 1700  
Austin, Texas 78701
- B.** Legal Counsel:  
Cident Law Firm PLLC  
1425 Broadway Ave #454, Seattle, WA 98122
- C.** Accounting/Audit firm:  
Widmer Roel PC  
3000 N. 14th St., Ste 2A,  
Bismarck, ND 58503

## **Item XVI. Manager's Discussion and Analysis or Plan of Operation**

### **A. Plan of Operation**

In 2009, our primary strategic goal was finalizing the first acquisition, which we did with the purchase of Turnbull on May 15, 2009. In 2010, we finalized our second acquisition, United, are filing with the SEC, hope to close our third acquisition before the end of the year and continue to increase investor awareness for the public float of the stock. To date, the company has issued many press releases with the latest company news in order to achieve this goal.

We are an oil and gas service company with a focus on growth through acquisition. Our strategy is to steadily acquire small to mid-size family owned oil and gas service companies that meet the following criteria:

- Significant history of steady growth and financial success;
- Little or no debt; and
- Experienced management with a desire and willingness to stay on board for a minimum of three years.

We have chosen to focus on the oil and gas service sector because it offers several important benefits. First and foremost we have found that well-established businesses in this industry provide very stable growth and profits. Oil and gas products, primarily refined fuel, propane, and lubricants are purchased from local suppliers and then sold and delivered to a broad range of regional customers. While oil prices can affect demand it has very little impact on gross profit as margins are fairly fixed. Secondly, within the Midwest region where we are focused, there is a robust supply of possible target acquisitions. New businesses in the industry tend to be rare because of the relatively high cost of entry (bulk plants and tanker trucks) and more stringent environmental regulation. Finally, the Midwest region also has a wide variety of suppliers and propane costs that are lower than the rest of the country. This combination provides what we believe is a unique opportunity for growth and success: An industry with many small regional players, a business that has stable growth and profits, and a region that has a strong, varied network of suppliers providing comparatively low price fuel to a part of the country that shows increased demand for oil and gas products.

#### *Industry Focus:*

The oil and gas service sector has several benefits:

- Stable growth and profits;
- A broad customer base;
- Stable and diverse supply options; and
- The ability to compete on service and price.

#### *Availability of Controlled Growth:*

The oil and gas service sector offers two ways to grow without the risk of large investment:

1. There is a large market of available acquisitions that range in size. The regional nature of the business provides a large number of acquisition targets; and
2. Internal growth requires only minimal investment; one truck at a time, one employee at a time, or one storage tank at a time.

#### *Regional Focus:*

Because of the focus on farming and drilling, the Midwest is a relatively stable area to do business. Such commodities are in constant demand and have largely escaped recessionary pressure.

At the corporate level we offer acquisition prospects a unique opportunity in that, at least in the near term, we do not intend to take over operational control. Sellers therefore are able to gain the financial security of a sale while staying on board to manage the business, share in the continued success and participate in eventually replacing themselves when they are ready to retire. The goal is to combine the benefits of a publically traded company with the efficiency and close customer relationships of a small company. Once several acquisitions are complete we will utilize synergies to work towards achieving greater operational efficiencies. This is an opportunity that does not often present itself to sellers and which we feel is a competitive advantage when bidding against other potential buyers.

We deploy a proprietary prospecting system to identify companies that fit our strategy. The system incorporates successful middle-American companies that are not readily targeted by large conglomerate industries. Our management then intends to use its operational expertise to grow profits through streamlined processes and the synergies between the companies that are purchased.

Having recently completed the acquisition of United, we will explore available efficiencies from the combined operations with Turnbull. Management has unique experience and skill with improvement of operational efficiencies and will utilize that experience to lower costs and increase profit. There is also the opportunity for growth through marketing both at the local level and through the increased exposure that comes with being a public company. To date, both Turnbull and United have done very little to no advertising or direct marketing. Once completing the financing for Turnbull and United we intend to complete a third acquisition before the end of the year. We will also continue to raise public awareness of the stock and if market conditions cooperate and financial results meet the required criteria we will move the listing from the Pink Sheets to the Bulletin Board.

In addition to our acquisition strategy, we intend to acquire and/or develop and deploy proprietary technologies that will explore or extract oil and gas trapped in the earth using the latest technologies that create the smallest ecological footprint as possible. We have two patents pending that support this ancillary strategy but do not rely on revenue generation from this technology in our financial projections.

## **B. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### *Balance Sheet 2009*

On a consolidated basis, the balance sheet current assets are \$2.38 million against current liabilities of \$5.07 million. The largest component of the current liabilities is a \$3.75 million note payable to Jeff Turnbull for the acquisition of Turnbull. USOG is targeting to pay this note within six months of becoming a fully reporting company and has amended the original acquisition agreement to extend the deadline for payment of the note to December 31, 2010. Excluding the note payable, the ratio of current assets to current liabilities is 1.81. When the note is included the current ratio is 0.47. The ratio of total assets divided by total liabilities is .98. The United acquisition includes a note payable for \$500,000 that is due by December 31, 2011. There is also a note payable to investor for \$750,000 that is due on April 15, 2011.

Accounts receivable are shown net of allowance for doubtful accounts in the amount of \$248,000. Accounts receivable is from Turnbull/Basinger subsidiary and the aging breakdown is as follows: 54% Current, 12% 31 to 60 days, 6% 60-90 days, and 28% over 90 Days. Turnbull evaluates accounts receivable annually and writes off accounts considered uncollectible. Turnbull also charges 21% interest on all accounts receivable over 30 days, which historically has covered amounts lost due to uncollectible accounts. The note receivable balance of \$350,000 is in the advance payment to United



for its acquisition which closed on January 1, 2010. The Deposits balance of \$170,600 is also made up of a payment made to United subsidiary but will be used for operating capital in the company, not for payment to owners as part of the acquisition cost. Goodwill of \$3.04 million is the result of the Turnbull/Basinger acquisition.

The notes payable-current balance of \$3,750,000 is the note payable to Jeff Turnbull for the Turnbull/Basinger acquisition and the \$750,000 long-term note payable is to a Canadian accredited investor. Detailed information regarding these notes as well as the Convertible Preferred Series A shares outstanding and convertible notes outstanding can be found below under Contractual Obligations.

#### *USOG Balance Sheet 2008 and 2007*

United States Oil & Gas Corp. was founded in April, 2007 and the remainder of that year and the next was primarily spent financing the company, developing growth strategy and marketing, and implementing acquisition strategy and prospecting process. The Company acquired and performed a reverse merger with Sustainable Energy Development Corp in April, 2008, and subsequently renamed the company, United States Oil and Gas Corp.

#### *Statement of Operations 2009*

For the year ended December 31, 2009, USOG achieved sales of \$9.35 million with net operating loss of \$840,000. EBITDA for 2009 was a loss of \$477,000. These figures include the financial results of Turnbull (and its subsidiary, Basinger Propane) from May 1, 2009. Presented separately, Turnbull and Basinger had a gross profit of \$996,000 and net operating profit of \$225,000. EBITDA on Turnbull and Basinger alone was \$584,000.

Interest expense of \$154,000 is comprised of 8% annual interest on \$750,000 note payable to Canadian investor and 3.5% annual interest on \$3.75 million note payable to Jeff Turnbull. Recovery of bad debt in the amount of \$286,000 was made on one large customer in Kansas that had outstanding payables to the company for over 2 years. Continued efforts will be made to collect on additional accounts that have previously been written off. USOG has significantly cut its corporate overhead expenses and use of consultants to reduce annual budget from approximately \$1.00 million in 2008 and 2009 to projected \$650,000 for 2010.

#### *USOG Statement of Operations for calendar years ended 2008 and 2007*

United States Oil & Gas Corp. was founded in April, 2007 and the remainder of that year and the next was primarily spent financing the company, developing growth strategy and marketing, and implementing acquisition strategy and prospecting process. Executive compensation and services for financing advice, marketing, and patent development were paid for via independent contractor or consulting agreements. The Company did pay for audits to be performed on it and also for one major prospective acquisition. The audit expense for this company exceeded \$35,000. The dissolution of this acquisition cost the Company \$50,000 in non-refundable deposit paid to seller in exchange for six months of exclusive negotiation on sales terms. In 2008, approximately \$250,000 was paid to develop prospecting system, buy list of prospective acquisition, and pay for postage and telephone support for acquisition prospecting.

#### *Statement of Cash Flows*

The cash balance decreased in fiscal year 2009 from \$728,000 to \$337,000. Operating activities used \$1 million of cash to cover operating loss of \$840,000 and the net increase in assets over liabilities. Accounts receivable increased \$632,000 compared to increase in accounts payable of \$403,000. \$921,000 of cash was used for investing activities including the purchase of property and equipment for Turnbull (\$93,000), the down payment made to Turnbull for the acquisition (\$307,000), and the deposits and note receivable made on the United acquisition (\$550,000). Financing activities provided

\$1.54 million from the sale of convertible notes (1.17 million), the sale of Preferred stock (\$121,000), and the sale of Regulation S Common stock (\$249,000).

In 2010, the company has raised an additional \$125,000 via the sale of shares in a Section 504 offering. The company is pursuing additional cash from the sale of convertible notes to existing shareholders as well as equity financing through investment banks and accredited investors to fund the remaining balance on the note to Jeff Turnbull and owners of United Oil. Once these notes are paid, the Company will have full access to the proceeds from operations. Operations for 2008 and 2007 were funded exclusively through the sale of Regulation S common stock shares as described in Item 10 below.

**C. Off-balance Sheet Arrangements**

There are currently no arrangements that are off the balance sheet.

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**Part E Issuance History**

**Item XVII. Securities offerings and shares issued for services**

1) Securities offerings in the past two years

- i. Regulation S Offering
- ii. Qualified outside of the United States
- iii. 7,000,000 shares offered
- iv. 3,528,071 shares sold
- v. Price at which shares were offered \$1.5. Amount actually paid to Issuer \$.45
- vi. All shares sold in this offering are restricted
- vii. Not registered

- i. Convertible Notes
- ii. United States
- iii. Up to \$5 million offered
- iv. \$330,600 sold
- v. Price at which shares were offered – Convertible at 80% of market price
- vi. All shares sold in this offering are restricted
- vii. Not registered

- i. Preferred Stock Series A
- ii. United States
- iii. 1 million shares offered
- iv. 131,041 shares sold
- v. Price at which shares were offered \$5 – Convertible to Common at 80% of market price
- vi. All shares sold in this offering are restricted
- vii. Not registered

NOTE: A 30-1 forward split of the stock was executed on September 1, 2009 creating additional 1,158,644,859 common shares outstanding.

2) As far as the current management knows, no shares issued for services in past two years

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**Part F Exhibits**

**Item XVIII. Material Contracts**

**A. Material Contract**

1. There are no contracts outside of purchase or sale of current assets having a determinable market price.
2. There are no contracts of which the Issuer is substantially dependent.
3. There are no contracts for purchase or sale of any property, plant, or equipment exceeding 15% of Issuer's assets.
4. There is no material lease of any property described in this disclosure

**B. Compensation Plans – all compensatory plans provided to employees, officers, and directors provides for the same method of allocation of benefits between typical management and non-management participants.**

**Item XIX. Articles of Incorporation and Bylaws**

**STATE of DELAWARE  
AMENDED RESTATED CERTIFICATE of INCORPORATION  
Of  
UNITED STATES OIL AND GAS CORP  
A STOCK CORPORATION**

United States Oil and Gas Corp (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of this corporation is United States Oil and Gas Corp. United States Oil and Gas Corp was originally incorporated under the name of Massapequa Ventures, Inc., and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on January 25, 1988.
2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Amended Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of this corporation. The Amended Restated Certificate of Incorporation was duly adopted by the Board of Directors of United States Oil and Gas Corp. and approved by the stockholders at the regularly scheduled annual meeting of the stockholders of said corporation.
3. The text of this Amended Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

**First: Name of Corporation**

The name of this Corporation is "United States Oil and Gas Corp"

**Second: Registered Agent and Corporate Office**

Its registered office in the State of Delaware is to be located at 113 Barksdale Professional Center, in the City of Newark, County of New Castle, Zip Code 19711. The name of the Registered Agent therein and in charge thereof upon whom process against this Corporation may be served, is Delaware Intercorp, Inc.

The Corporation shall have its registered office in the State of Delaware, and may have such other offices and places of business within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

### **Third: Purpose**

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware (DGCL).

### **Fourth: Capital Stock**

Authorized Stock. The total number of shares of stock which the Company shall have authority to issue is 1,885,000,000, consisting of 1,875,000,000 shares of common stock, par value \$0.000003 per share (the “Common Stock”), and 10,000,000 shares of preferred stock, par value \$0.001 per share (the “Preferred Stock”).

Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to create and provide for the issuance of shares of the Preferred Stock in series, and by filing a certificate pursuant to the applicable section of the DGCL (the “Preferred Stock Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(a) The designation of the series, which may be by distinguishing number, letter or title.

(b) The number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).

(c) Whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series.

(d) The dates at which dividends, if any, shall be payable.

(e) The redemption rights and price or prices, if any, for shares of the series.

(f) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series.

(g) The amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

(h) Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Company or any

other corporation, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.

(i) Restrictions on the issuance of shares of the same series or of any other class or series.

(j) The voting rights, if any, of the holders of shares of the series.

(k) Such other powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof as the Board of Directors shall determine.

Common Stock. The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof. Each share of the Common Stock shall be equal to each other share of the Common Stock. The holders of shares of the Common Stock shall be entitled to one vote for each such share upon all questions presented to the stockholders.

Voting Rights. Except as may be provided in these Certificate of Incorporation or in a Preferred Stock Designation, or as may be required by applicable law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of shares of the Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote. At each election for directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote. It is expressly prohibited for any stockholder to cumulate his votes in any election of directors.

Denial of Preemptive Rights. No stockholder of the Company shall, by reason of his holding shares of any class, have any preemptive or preferential right to purchase or subscribe to any shares of any class of the Company, now or hereafter to be authorized, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares, or such notes, debentures, bonds or other securities would adversely affect dividend or voting rights of such stockholder, other than such rights, if any, as the Board of Directors in its discretion may fix; and the Board of Directors may issue shares of any class of the Company, or any notes, debentures, bonds, or other securities convertible into or carrying options or warrants to purchase shares of any class, without offering any such shares of any class, either in whole or in part, to the existing stockholders of any class.

Record Date. The Board of Directors may prescribe a period not exceeding 60 days before any meeting of the stockholders during which no transfer of stock on the books of the Company may be made, or may fix, in advance, a record date not more than 60 or less than 10 days before the date of any such meeting as the date as of which stockholders entitled to notice of and to vote at such meetings must be determined. Only stockholders of record on that date are entitled to notice or to vote at such a meeting. If a record date is not fixed, the record date is at the close of business on the day before the day on which notice is given or, if notice is waived, at the close of business on the day before the meeting is held. A determination of stockholders of record entitled to

notice of or to vote at a meeting of stockholders applies to an adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting. The Board of Directors must fix a new record date if the meeting is adjourned to a date more than 60 days later than the date set for the original meeting.

#### **Fifth: Directors**

Number. The number of directors constituting the initial Board of Directors is three. The business and affairs of the Company shall be conducted and managed by, or under the direction of, the Board of Directors. The total number of directors constituting the entire Board of Directors shall be fixed and may be altered from time to time by or pursuant to a resolution passed by the Board of Directors.

Vacancies. Except as otherwise provided for herein, newly created directorships resulting from any increase in the authorized number of directors, and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause, may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the newly created directorship or for the directorship in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified, subject to his earlier death, disqualification, resignation or removal. Subject to the provisions of these Certificate of Incorporation, no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Removal of Directors. Except as otherwise provided in any Preferred Stock Designation, any director may be removed from office only by the affirmative vote of the holders of a majority or more of the combined voting power of the then outstanding shares of capital stock of the Company entitled to vote at a meeting of stockholders called for that purpose, voting together as a single class.

#### **Sixth: Meetings of Stockholders**

Meetings of stockholders of the Company (the "Stockholder Meetings") may be held within or without the State of Delaware, as the Bylaws of the Company (the "Bylaws") may provide. Special Stockholder Meetings may be called only by (a) the Chairman of the Board, (b) the Chief Executive Officer, (c) the President, (d) the holders of at least two-thirds (2/3) of all of the shares entitled to vote at the proposed special meeting, or (e) the Board of Directors pursuant to a duly adopted resolution. Special Stockholder Meetings may not be called by any other person or persons or in any other manner. Elections of directors need not be by written ballot unless the Bylaws shall so provide.

#### **Seventh: Limitation of Liability**

Except as otherwise provided in the DGCL, a director or officer of the Company shall not be personally liable to the Company or its stockholders for damages as a result of any act or failure to act in his capacity as a director or officer; provided, however, that this Article shall not eliminate or limit the liability of a director or officer (a) if it is proven that his act or failure to act constituted a breach of his fiduciary duties and such breach involved intentional

misconduct, fraud or a knowing violation of law, or (b) under Section 174 of the DGCL.

If the DGCL is amended after the date of filing of these Certificate of Incorporation to authorize corporate action further limiting or eliminating the personal liability of a director, then the liability of the directors of the Company shall be limited or eliminated to the fullest extent permitted by the DGCL, as so amended, or a similar successor provision. Any repeal or modification of this Article by the stockholders of the Company or otherwise shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

#### **Eighth: Indemnification**

Discretionary Indemnification. (a) The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (i) is not liable pursuant to Section 141 of the DGCL; or (ii) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, does not, of itself, create a presumption that the person is liable pursuant to Section 141 of the DGCL or did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, or that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

(b) The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (i) is not liable pursuant to Section 141 of the DGCL; or (ii) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the courts deem proper.

Determination of Discretionary Indemnification. Any discretionary indemnification pursuant to Section 1 of this Article 8, unless ordered by a court or advanced pursuant to this Section 2, may be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made:

- (a) By the stockholders; or
- (b) By the Board of Directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding; or
- (c) If a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding so orders, by independent legal counsel in a written opinion; or
- (d) If a quorum consisting of directors who were not parties to the action, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Company as they are incurred in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Company.

Mandatory Indemnification. To the extent that a director, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article 8, or in defense of any claim, issue or matter therein, the Company shall indemnify him against expenses, including attorneys' fees actually and reasonably incurred by him in connection with the defense.

Non-Exclusivity. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article 8:

- (a) Does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, for either an action in his official capacity or an action in another capacity while holding his office, except that indemnification, unless ordered by a court pursuant to Section 1 of this Article 8, or for the advancement of expenses made pursuant to Section 2 of this Article 8 may not be made to or on behalf of any director or officer if a final adjudication establishes that his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action.
- (b) Continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of any such person.

Insurance. The Company may purchase and maintain insurance or make other financial arrangements on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the



request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise for any liability asserted against him and liability and expenses incurred by him in his capacity as a director, officer, employee or agent, or arising out of his status as such, whether or not the Company has the authority to indemnify him against such liability expenses.

#### **Ninth: Amendment of Corporate Documents**

Certificate of Incorporation. Whenever any vote of the holders of voting shares of the capital stock of the Company is required by law to amend, alter, repeal or rescind any provision of these Certificate of Incorporation, such alteration, amendment, repeal or rescission of any provision of these Certificate of Incorporation must be approved by the Board of Directors and by the affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding voting shares of capital stock of the Company, voting together as a single class.

Subject to the provisions hereof, the Company reserves the right at any time, and from time to time, to amend, alter, repeal or rescind any provision contained in these Certificate of Incorporation in the manner now or hereafter prescribed by law, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to these Certificate of Incorporation in their present form or as hereafter amended are granted subject to the rights reserved in this Article.

Bylaws. In addition to any affirmative vote required by law, any change of the Bylaws may be adopted either (a) by the affirmative vote of the Board of Directors, or (b) by the stockholders by the affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding voting shares of capital stock of the Company, voting together as a single class.

#### **Tenth: Existence**

The Company is to have perpetual existence.

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**BYLAWS  
OF  
UNITED STATES OIL AND GAS CORP  
A Delaware Corporation**

#### **Article 1            Stockholders**

**Section 1.1**        Place of Meetings. All meetings of stockholders shall be held at such place within or without the State of Delaware as may be designated from time to time by the board of directors or the president, or if not so designated, at the registered office of the corporation.

**Section 1.2**        Annual Meetings. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held at such time and date as fixed by the board of directors. A special meeting may be held in lieu of the annual meeting and any action taken at that special meeting shall have the same effect as if it had been taken at the annual

meeting, and in such case all references in these Bylaws to the annual meeting of the stockholders shall be deemed to refer such special meeting.

**Section 1.3** Special Meetings. Special meetings of stockholders may be called at any time by the chief executive officer, by the board of directors or by the holders of not less than two thirds (2/3) of all the shares entitled to vote at the meeting. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

**Section 1.4** Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called.

**Section 1.5** Voting List. The officer who has charge of the stock ledger of the Corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder.

**Section 1.6** Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of not less than majority of the shares of the capital stock of the Corporation issued and outstanding are entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

**Section 1.7** Adjournments. Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these Bylaws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. If the adjournment is for more than 30 days, or if after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

**Section 1.8** Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the secretary of the Corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

**Section 1.9** Action at Meeting. When a quorum is present at any meeting, the holders of not less than two thirds (2/3) of the stock present or represented and voting on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of not less than two thirds (2/3) of the stock of that class present or represented and voting on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these Bylaws. Any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election.

**Section 1.10** Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than a minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

## **Article 2**           **Directors**

**Section 2.1** General Powers. The business and affairs of the Corporation shall be managed by or under the direction of a board of directors, who may exercise all of the powers of the Corporation except as otherwise

provided by law, the Certificate of Incorporation or these Bylaws. In the event of a vacancy on the board of directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full board of directors until the vacancy is filled.

**Section 2.2** Number; Election and Qualification. The number of directors which shall constitute the whole board of directors shall be determined by resolution of the stockholders or the board of directors, but in no event shall be less than one. The number of directors may be decreased at any time and from time to time either by the stockholders or by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote in such election. Directors need not be stockholders of the corporation. The chairman of the board shall be elected annually by the board of directors at its first meeting following the annual meeting of the stockholders.

**Section 2.3** Enlargement of the Board. The number of directors may be increased at any time and from time to time by the stockholders or by a majority of the directors then in office.

**Section 2.4** Tenure. Each director shall hold office until the next annual meeting and until such time as his successor is elected and qualified, or until his earlier death, resignation or removal.

**Section 2.5** Vacancies. Unless and until filled by the stockholders, any vacancy in the board of directors, however occurring, including a vacancy resulting from an increase in the number of directors, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, or until his earlier death, resignation or removal.

**Section 2.6** Resignation. Any director may resign by delivering his written resignation to the Corporation at its principal office or to the secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

**Section 2.7** Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the board of directors, provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the board of directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

**Section 2.8** Special Meetings. Special meetings of the board of directors may be held at any time and place, within or without the State of Delaware, designated in a call by the chairman of the board, chief executive officer or two or more directors.

**Section 2.9** Notice of Special Meetings. Notice of any special meeting of directors shall be given to each director by the secretary or one of the directors calling the meeting. Notice shall be duly given to each director (i) by giving notice to such director in person or by telephone at least 48 hours in advance of the meeting, (ii) by sending a telegram, email or telex, or delivering written notice by hand to his last known business or home address at least 48 hours in advance of the meeting, or (iii) by mailing written notice to his last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the board of directors need not specify the purpose of the meeting.

**Section 2.10** Meetings by Telephone Conference Calls. Directors or any members of any committee designated by the directors may participate in a meeting of the board of directors or such committee by means of conference telephone or similar communications equipment by means which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

**Section 2.11** Quorum. A majority of the whole board of directors shall constitute a quorum at all meetings of the board of directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than majority of the whole board of directors constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

**Section 2.12** Action at Meeting. At any meeting of the board of directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these Bylaws.

**Section 2.13** Action by Consent. Any action required or permitted to be taken at any meeting of the board of directors or of any committee of the board of directors may be taken without a meeting, if all members of the board of directors or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes proceedings of the board of directors or committee.

**Section 2.14** Removal. Any one or more or all of the directors may be removed, with or without cause, by the holders of not less than majority of the shares then entitled to vote at an election of directors, except that (i) the directors elected by the holders of a particular class or series of stock may be removed without cause only by vote of the holders of not less than majority of the outstanding shares of such class or series and (ii) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors.

**Section 2.15** Committees. The board of directors may, by resolution passed by a majority of the whole board of directors, designate one or more committees. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors and subject to the provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or the authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in the applicable Section of the General Corporation Law of the State of Delaware, fix the designations and any of the preferences of rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation; and, unless the resolution, Bylaws or Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and issuance of stock or to adopt a certificate of ownership and merger. Each such committee shall keep minutes and make such reports as the board of directors may from time to time request. Except as the board of directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the board of directors.

**Section 2.16** Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the board of directors may from time to time determine. No such payment shall preclude any director from serving the Corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

### **Article 3**                    **Officers**

**Section 3.1** General. The officers of the Corporation shall consist of a chief executive officer, a president, a chief operating officer, a chief financial officer, a secretary, a treasurer and such other officers with such other titles as the board of directors determine including one or more vice presidents. The board of directors may appoint such other officers with such other powers and duties as it may deem appropriate.

**Section 3.2** Election. The chairman of the board, treasurer and secretary shall be elected annually by the board of directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the board of directors at such meeting or at any other meeting.

**Section 3.3** Qualification. No officer needs to be a stockholder. Any two or more offices may be held by the same person.

**Section 3.4** Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

**Section 3.5** Resignation and Removal. Any officer may resign by delivering his written resignation to the Corporation at its principal office or to the president or secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

- a) Any officer may be removed at any time, with or without cause, by vote of a majority of the entire number of directors then in office.
- b) Except as the board of directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the corporation.

**Section 3.6** Vacancies. The board of directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of president, treasurer and secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

**Section 3.7** Chief Executive Officer. Subject to the direction of the board of directors, the chief executive officer shall have general charge and supervision of the business of the Corporation, and shall have full authority to take all lawful actions necessary to implement corporate and business policy established by the board of directors. In addition, the chief executive officer shall perform such duties and possess such other powers as are assigned to him by the board of directors. Unless otherwise provided by the board of directors, the chief executive officer shall preside at all meetings of the stockholders and the board of directors.

**Section 3.8** President. The president shall have charge and supervision of the day to day business operations of the Corporation, subject to the authority of the board of directors. Unless the board of directors shall otherwise direct, all executive officers of the Corporation shall report, directly or through their immediate superior officers, to the president. The president shall perform such other duties and shall have such other powers as the board of directors may from time to time prescribe.

**Section 3.9** Chief Financial Officer. The chief financial officer ("CFO") shall be the chief financial officer of the Corporation. If required by the board, the CFO shall give a bond for the faithful discharge of his or her duties in such form and with such surety or sureties as the board shall determine. The CFO shall have charge and custody of all the funds of the Corporation and shall keep or cause to be kept, in books belonging to the Corporation, full and accurate amounts of all receipts and disbursements, and shall deposit all money and other valuable effects in the name of the Corporation in such depositories as may be designated for that purpose by the board. The CFO shall disburse the funds of the Corporation as may be ordered by the board or the president and, whenever requested by them, shall deliver to the board and the president an account of all his or her transactions as CFO and the financial condition of the Corporation. The CFO shall be responsible for the Corporation's financial planning and forecasting and shall prepare an annual budget. The CFO shall coordinate and oversee the Corporation funding, including any audits or other reviews of the Corporation or its subsidiaries. The CFO shall be responsible for all other matters relating to the financial operation of the Corporation, including items 1-7.

- a) Directs the preparation of all financial reports, including income statements, balance sheets, reports to shareholders, tax returns, and reports for government regulatory agencies.
- b) Oversees accounting departments, budget preparation, and audit functions and meets regularly with department heads to keep informed and to offer direction.
- c) Reviews reports to analyze projections of sales and profit against actual figures, budgeted expenses against final totals, and suggests methods of improving the planning process as appropriate.
- d) Analyzes company operations to pinpoint opportunities and areas that need to be reorganized, down-sized, or eliminated.
- e) Confers with president, chief operating officer, vice president of sales, vice president of manufacturing, and division leaders to coordinate and prioritize planning.
- f) Studies long-range economic trends and projects company prospects for future growth in overall sales and market share, opportunities for acquisitions or expansion into new product areas. Estimates requirements for capital, land, buildings, and an increase in the work force.

- g) Supervises investment of funds; works with banks and/or investment bankers to raise additional capital as required for expansion.

**Section 3.10** Chief Operating Officer. The chief operating officer shall perform such duties and shall have such powers as the chief executive officer or president may from time to time prescribe. The chief operating officer shall discharge the duties of the president when the president, for any reason, cannot discharge the duties of his office. He shall have such other powers and perform such other duties as shall be prescribed by the directors.

- a) Any assistant vice presidents shall perform such duties and possess such powers as the board of directors, chief executive officer, the president or the vice president may from time to time prescribe.

**Section 3.11** Secretary and Assistant Secretaries. The secretary shall perform such duties and shall have such powers as the board of directors, the chief executive officer or the president may from time to time prescribe. In addition, the secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation, the duty and power to give notices of all meetings of stockholders and special meetings of the board of directors, to attend all meetings of stockholders and the board of directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal, if any, and to affix and attest to the same on documents.

- a) Any assistant secretary shall perform such duties and possess such powers as the board of directors, the chief executive officer, the president or the secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the secretary, the assistant secretary (or if there be more than one, the assistant secretaries in the order determined by the board of directors) shall perform the duties and exercise the powers of the secretary.
- b) In the absence of the secretary or any assistant secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

**Section 3.12** Treasurer and Assistant Treasurers. The treasurer shall perform such duties and shall have such powers as from time to time be assigned to him by the board of directors, the chief executive officer or the president. In addition, the treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the Corporation, to deposit funds of the Corporation in depositories selected in accordance with these Bylaws, to disburse such funds as ordered by the board of directors, the chief executive officer, the president or any vice president of the Corporation so authorized to act by specific authorization of the board of directors, chief executive officer or the president to make proper accounts of such funds, and to render, as required by the board of directors, chief executive officer or the president statements of all such transactions and of the financial condition of the Corporation.

- a) The assistant treasurers shall perform such duties and possess such powers as the board of directors, the chief executive officer, the president or the treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the treasurer, the assistant treasurer (or if there shall be more than one, the assistant treasurers in the order determined by the board of directors) shall perform the duties and exercise the powers of the treasurer.

**Section 3.13** Salaries. Officers of the Corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the board of directors.

## **Article 4**                    **Capital Stock**

**Section 4.1** Issuance of Stock. Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unauthorized balance of the authorized capital stock of the Corporation or the whole or any part of any unauthorized balance of the authorized capital stock of the Corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the board of directors in such manner, for such consideration and on such terms as the board of directors may determine.

**Section 4.2** Certificates of Stock. Every holder of stock of the Corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the board of directors, certifying the number and class of shares owned by him in the Corporation. Each such certificate shall be signed by, or in the name of

the Corporation by the board of directors, or the president or a vice president, and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation. Any or all of the signatures on the certificate may be a facsimile.

- a) Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the Bylaws, applicable securities laws or any agreement among any number of shareholders or among such holders and the Corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

**Section 4.3** Transfers. Except as otherwise established by rules and regulations adopted by the board of directors, and subject to applicable laws, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonable require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws.

**Section 4.4** Lost, Stolen or Destroyed Certificates. The Corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the board of directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving such indemnity as the board of directors may require for the protection of the Corporation or any transfer agent or registrar.

**Section 4.5** Record Date. The board of directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 days prior to any other action to which such record date relates.

- a) If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the date on which the board of directors adopts the resolution relating to such purpose.
- b) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

## **Article 5 Indemnification**

The Corporation shall, to the fullest extent permitted by the applicable Section of the General Corporation Law of the State of Delaware, as that Section may be amended and supplemented from time to time, indemnify any director, officer or trustee which it shall have power to indemnify under that Section against any expenses, liabilities or other matters referred to in or covered by that Section. The indemnification provided for in this Article (i) shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) shall continue as to a person who has ceased to be a director, officer or trustee, and (iii) shall insure to the benefit of the heirs, executors and administrators of such a person. The Corporation's obligation to provide indemnification under this Article shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Corporation or any other person.

## **Article 6                    General Provisions**

**Section 6.1**        Fiscal Year. The fiscal year of the Corporation shall be determined by the board of directors.

**Section 6.2**        Corporate Seal. The corporate seal, if any, shall be in such form as shall be approved by the board of directors.

**Section 6.3**        Written Notice of Meetings. Whenever written notices is required to be given to any person pursuant to law, the Certificate of Incorporation or these Bylaws, it may be given to such person, either personally or by sending an electronic letter or memo or a copy thereof by first class mail, or by telegram, charges prepaid, to his address appearing on the books of the Corporation, or to his business or other address supplied by him to the Corporation for the purpose of notice. If the notice is sent by first class mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. Such notice shall specify the place, day and hour of the meeting and, in case of a special meeting of the shareholders, the general nature of the business to be transacted.

**Section 6.4**        Waiver of Notice. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

**Section 6.5**        Voting of Securities. Except as the directors may otherwise designate, the president or treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this Corporation (with or without power of substitution) at any meeting of stockholders or shareholders of any other Corporation or organization, the securities of which may be held by this Corporation.

**Section 6.6**        Evidence of Authority. A certificate by the secretary or an assistant secretary, or a temporary secretary, as to any action taken by the stockholders, directors, a committee or any officer of representative of the Corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

**Section 6.7**        Certificate of Incorporation. All references in these Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the Corporation, as amended and in effect from time to time.

**Section 6.8**        Transactions with Interested Parties. No contract or transaction between the Corporation and one or more of the directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board of directors or a committee of the board of directors which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

- a)        The material facts as to his relationship or interest as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorized the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;
- b)        The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- c)        The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the board of directors, a committee of the board of directors, or the stockholders.
- d)        Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

**Section 6.9**        Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

**Section 6.10**      Pronouns. All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

## **Article 7                    Annual Business Plan**



**Section 7.1** The chief financial officer shall prepare an annual operating budget, on a line-item basis, and submit it to the board of directors three months prior to the beginning of the Corporation's fiscal year, for their review and action. The board shall establish, by a vote of not less than 60% of all the members, the appropriate definition of such line items for budgeting and accounting purposes.

**Section 7.2** No budget shall be deemed to be approved for the purposes of enabling any increase in expenditures or funding any increased appropriation to the Corporation for the following fiscal year, excepting previous years obligations such as payments on debts already incurred or multi-year contractual obligations or labor agreements, until the board of directors has approved an annual budget for the Corporation for that fiscal year; excepting that, if the board of directors have taken no action on the annual budget request, and the following fiscal year shall commence, the Corporation shall be required to operate on a 1/12 previous-years operating expense, maintenance-of-effort basis, until such time as the board of directors approve an annual budget for the Corporation.

**Section 7.3** The sum total of all fees and charges assessed by the Corporation on or to the board of directors and/or its members during the fiscal year shall not exceed the amount required to support the approved annual budget for that fiscal year, or, if such budget is not approved, shall not exceed the amount assessed during the previous fiscal year, on a 1/12 monthly basis, until such time as the annual budget is approved by the board of directors.

**Section 7.4** Once an annual budget and service plan are approved by the board of directors, the Corporation shall manage its affairs and operations in such a manner as to keeps its expenditures and obligations within the constraints of the approved budget.

## **Article 8 Amendments**

**Article 9** By the Board of Directors. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of not less than Majority of the directors present at any regular or special meeting of the board of directors at which a quorum is present.

**Article 10** By the Stockholders. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of the holders of not less than Majority of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alternation, amendment, repeal or adoption of new Bylaws shall have been stated in the notice of such special meeting.

## **Item XX. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
September 29, 2009 – December 1, 2009	200,000,000 <sup>(1)</sup>	\$0.000003	0	0

(1) The Issuer purchased 200,000,000 restricted shares for substantially less than market value from an affiliate shareholder for a total repurchase price of \$667. These shares were removed from the total outstanding shares. The repurchase program was initiated September 29, 2009 and ended December 1, 2009. The maximum per share price being offered is the par value per share. The Corporation may purchase either unrestricted or restricted shares. No individual who receives monies from the Corporation, either by salary, compensation, or commission, outside of professional services, may take part in this Program. The Corporation must announce any purchases bought under this Program. If the repurchase is for unrestricted shares, the following must be adhered to: a) the Corporation shall only use one broker or dealer in any single day, b) the purchase shall not occur during the 30 minutes before the scheduled close of the primary trading session, and c) the Corporation shall only repurchase the unrestricted shares if the volume of shares does not exceed 25% of the average daily trading volume, unless there is only one repurchase being effected that day.

**Item XXI. Issuer's Certifications**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

I, Alex Tawse, certify that: 1. I have reviewed this annual statement of United States Oil and Gas Corp; 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: Tuesday, March 30, 2010

/s/ Alex Tawse

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Alex Tawse  
CEO, United States Oil and Gas Corp