MILLER PETROLEUM INC
Form 10QSB
March 13, 2003

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

FORM 10-QSB

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

For the quarterly period ended January 31, 2003

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

For the transition period from ______________ to ______________

Commission File No. 33-2249-FW

MILLER PETROLEUM, INC.

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

| | |
|---|---|
| TENNESSEE | 62-1028629 |
| (State or Other Jurisdiction of incorporation or organization) | (I.R.S. Employer I.D. No.) |

3651 Baker Highway
Huntsville, Tennessee 37756

(Address of principal executive offices)

(423) 663-9457

Issuer's telephone number

N/A

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

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

March 14, 2003

8,578,856 Common Shares

Transitional Small Business Issuer Format Yes X No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements of Miller Petroleum, Inc., a Tennessee corporation (the "Company"), required to be filed with this Quarterly Report were prepared by management and reviewed by Charles M. Stivers, Certified Public Accountant of Manchester, Kentucky and commence on the following page, together with related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Registrant.

MILLER PETROLEUM, INC.
Consolidated Balance Sheets

ASSETS

| | January 31, 2003 Unaudited | April 30, 2002 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash | $ 75,724 | $ 76,394 |
| Investments | 78,328 | 78,328 |
| Accounts receivable - trade-, net | 304,019 | 311,253 |
| Inventory | 559,787 | 567,287 |
| Prepaid expenses | 109,027 | 30,312 |
| Total Current Assets | 1,126,885 | 1,063,574 |
| FIXED ASSETS | | |
| Machinery and equipment | 1,416,710 | 1,361,117 |
| Vehicles | 408,801 | 453,138 |
| Buildings | 313,335 | 313,335 |
| Office Equipment | 74,379 | 80,560 |
| Less: accumulated depreciation | (899,668) | (840,768) |
| Total Fixed assets | 1,313,557 | 1,367,382 |
| OIL AND GAS PROPERTIES (On the basis of successful efforts accounting) | 2,168,467 | 2,152,460 |
| PIPELINE FACILITIES | 243,338 | 280,390 |
| OTHER ASSETS | | |
| Land | 511,500 | 511,500 |
| Investments | 500 | 500 |
| Total Other Assets | 512,000 | 512,000 |

| | | |
|---|---|---|
| TOTAL ASSETS | $5,364,247 | $5,375,806 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable - trade | $ 265,828 | $ 386,631 |
| Accrued expenses | 57,719 | 76,853 |
| Notes payable - current portion | 1,261,213 | 501,633 |
| Total Current Liabilities | 1,584,760 | 965,117 |
| LONG-TERM LIABILITIES | | |
| Notes payable - related | 12,460 | 1,326 |
| Notes payable | 1,237,712 | 1,712,779 |
| Total Long-Term Liabilities | 1,250,172 | 1,714,105 |
| Total Liabilities | 2,834,932 | 2,679,222 |
| STOCKHOLDERS' EQUITY | | |
| Common Stock: 500,000,000 shares authorized at $0.0001 par value, 8,578,856 and 8,578,856 shares issued and outstanding | 858 | 858 |
| Additional paid-in capital | 3,884,144 | 3,884,144 |
| Retained Earnings | (1,355,687) | (1,188,418) |
| Total Stockholders' Equity | 2,529,315 | 2,696,584 |
| TOTAL LIABILITIES AND STOCKHOLDERS'S EQUITY | $5,364,247 | $5,375,806 |

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

MILLER PETROLEUM, INC.
Consolidated Statements of Operations
(UNAUDITED)

| | For the Three Months Ended January, 31 | | For the Nine Months Ended January, 31 | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| REVENUES | | | | |
| Oil and gas revenue | $ 157,034 | $ 97,837 | $477,416 | $ 306,566 |
| Service and drilling revenue | 169,952 | 620,382 | 839,162 | 2,171,631 |
| Retail sales | 7,500 | 208,347 | 10,200 | 265,336 |
| Sale of equipment | | 5,555 | 73,703 | 5,555 |
| Other revenue | 6,450 | 4,398 | 127,357 | 30,693 |
| Total Revenue | 340,936 | 936,519 | 1,527,838 | 2,779,781 |

COSTS AND EXPENSES

| | | | | |
|---|---|---|---|---|
| Cost of oil and gas sales | 64,859 | 345,587 | 299,635 | 1,353,821 |
| Selling, general and administrative | 99,649 | 140,428 | 401,433 | 454,151 |
| Salaries and wages | 181,177 | 213,267 | 601,829 | 587,044 |
| Depreciation, depletion and amortization | 83,176 | 116,541 | 245,538 | 333,386 |
| Total Costs and Expenses | $ 428,861 | $ 815,823 | $1,548,435 | $2,728,402 |
| INCOME (LOSS) FROM OPERATIONS | (87,925) | 120,696 | (20,597) | 51,379 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest income | 475 | 1,074 | 1,343 | 1,547 |
| Interest expense | (44,726) | (44,448) | (148,015) | (122,203) |
| Total Other Income (Expense) | (44,251) | (43,374) | (146,672) | (120,656) |
| NET INCOME (LOSS) | (132,176) | 77,322 | (167,269) | (69,277) |
| NET EARNING(LOSS) PER SHARE | 0.02 | 0.01 | (0.02) | (0.01) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 8,578,856 | 8,578,856 | 8,578,856 | 8,405,523 |

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

MILLER PETROLEUM, INC.
Consolidated Statement of Stockholders' Equity
(UNAUDITED)

| | Common Shares Shares | Common Shares Amount | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| Balance April 30, 2001 | 8,218,656 | $822 | $3,566,480 | ($680,661) | $2,886,641 |
| Common stock issued for cash at $1.00 per share | 110,000 | 11 | 109,989 | - | 110,000 |
| Stock options exercised at $0.575 per share | 100,000 | 10 | 57,490 | - | 57,500 |
| Common stock issued for equipment at $1.00 per share | 150,000 | 15 | 149,985 | - | 150,000 |
| Common stock issued for services at $1.00 per share | 200 | | 200 | - | 200 |

| | | | | | |
|---|---|---|---|---|---|
| Net loss for the twelve months ended April 30, 2002 | | | | ($507,757) | ($507,757) |
| Balance April 30, 2002 | 8,578,856 | $858 | $3,884,144 | ($1,188,418) | $2,696,584 |
| Net loss for the nine months ended January 31, 2003 | | | | ($167,269) | ($167,269) |
| Balance January 31, 2003 | $8,578,856 | $858 | $3,884,144 | ($1,355,687) | $2,529,315 |

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

MILLER PETROLEUM, INC.
Consolidated Statement of Cash Flows
(UNAUDITED)

| | Nine Months Ended January 31, 2003 | Nine Months Ended January 31, 2002 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | $ (167,269) | $ (69,277) |
| Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation, depletion and amortization | 245,538 | 333,386 |
| Gain on sale of equipment | (73,703) | |
| Common stock issued for services | | 200 |
| Common stock issued for inventory | | 150,000 |
| Changes in Operating Assets and Liabilities: | | |
| Decrease (increase) in accounts receivable | 7,234 | 279,846 |
| Decrease (increase) in inventory | 7,500 | (157,029) |
| Decrease (increase) in organizational costs | | 119 |
| Decrease (increase) in prepaid expenses | (78,715) | 37,939 |
| Increase (decrease) in accounts payable | (120,803) | 101,334 |
| Increase (decrease) in accrued expenses | (19,134) | (29,061) |
| Net Cash Provided (Used) by Operating Activities | (199,352) | 647,457 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of equipment | (135,458) | (292,249) |
| Purchase of oil and gas properties | (61,007) | (1,002,756) |
| Sale of equipment | 99,500 | |
| Net Cash Provided (Used) by Investing Activities | (96,965) | (1,295,005) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on notes payable | (133,401) | (184,587) |
| Sale of common stock | | 167,500 |

| | | |
|---|---|---|
| Proceeds from borrowing | 429,048 | 558,139 |
| Net Cash Provided (Used) by Financing Activities | $ 295,647 | $ 541,052 |
| NET INCREASE IN CASH | $ ($670) | ($106,496) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 76,394 | 224,500 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 75,724 | $ 118,004 |
| CASH PAID FOR | | |
| Interest | $ (148,015) | $ (122,203) |
| Income taxes | 0 | 0 |
| NON-CASH FINANCING ACTIVITIES: | | |
| Common stock issued for services | | 200 |
| Common stock issued for inventory | | 150,000 |

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

MILLER PETROLEUM, INC.
Notes to the Consolidated Financial Statements

(1) Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Registrant's April 30, 2002 Annual Report on Form 1OKSB. The results of operations for the period ended January 31, 2003 are not necessarily indicative of operating results for the full year.

The consolidated financial statements and other information furnished herein reflect all adjustment which are, in the opinion of management of the Registrant, necessary for a fair presentation of the results of the interim periods covered by this report.

(2) RELATED PARTY TRANSACTIONS

On May 1, 2002, the Company executed a promissory note for $50,000 in favor of Herman Gettelfinger, a director. The note was for a period of one month with an interest rate of eight percent and may be renewed on the same terms at the option of the holder.

During the first quarter, Deloy Miller CEO and Chairman, advanced the Company $12,506 that has an interest rate of eight percent.

(3) New Accounting Pronouncements

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities, "effective January 1, 2001. SFAS No. 133 (as amended by SFAS 137 AND SFAS 138) requires a company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivatives is a fair value hedge, changes in the fair value of the hedged assets, liabilities or firm commitments are recognized through earnings. If the derivative is a cash flow hedge the effective portion of changes in the fair value of the derivative are recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The adoption of SFAS No. 133, as amended, did not have a material impact on the Company's consolidated financial statements.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination and SFAS No. 142 addresses the initial recognition and measurement of intangible assets acquired outside of a business combination whether acquired individually or with a group of other assets. These standards require all future business combinations to be accounted for using the purchase method of accounting. Goodwill will no longer be amortized but instead will be subject to impairment tests at least annually. The Company would have been required to adopt SFAS No. 141 on July 1, 2001, and to adopt SFAS 142 on a prospective basis as of January 1, 2002. The Company has not effected a business combination and carries no goodwill on its balance sheet; accordingly, the adoption of these standards is not expected to have an effect on the Company's financial position or results of operations.

In June 2001, the Financial Accounting Standards Board approved the issuance of SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS 143 establishes accounting standards for the recognition and measurement of legal obligations associated with the retirement of tangible long-lived assets and requires recognition of a liability for an asset retirement obligation in the period in which it is incurred. The provisions of this statement are effective for financial statements issued issued for fiscal years beginning after June 15, 2002. The adoption of this statement is not expected to have a material impact on the Company's financial position or results of operations.

SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, addresses accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and expands on the guidance provided by SFAS No. 121 with respect to cash flow estimations. SFAS No. 144 becomes effective for the Company's fiscal year beginning May 1, 2002. There will be no current impact of adoption on its financial position or results of operations.

## Item 2. Management's Discussion and Analysis or Plan of Operation.

Miller Petroleum has more than 50,000 acres under lease in Tennessee. About 95% of these leases are held by production. This acreage is made up primarily of development drilling locations. It produces both gas and oil, mainly from the Mississippian age Big Lime Formation. The existing properties contain a minimum three-year inventory of conventional drilling locations.

Miller's current development drilling program is to drill 22 oil and gas wells and 40 gas only wells on its Koppers South Tract and build a six mile gathering system to a local pipeline. Plans call for completion of the program in approximately two years. Miller along with an industry partner will invest more than nine million dollars in the project which has a predicted internal rate of return of above thirty percent.

All 50,000 Tennessee acres are presently being evaluated for their CBM potential. A well drilled in June of 2001 by the company encountered numerous coal seams below 750 feet depth on a 4,000-acre lease that the company has recently acquired. These coal seams reach a maximum thickness of six feet and are presently being evaluated for their CBM potential. In addition, this well has made a conventional Big Lime gas discovery, and three additional locations have been drilled. Two of the wells were completed and began selling gas in March of 2002. A third well was completed and put online in October, 2002.

The Company is also actively pursuing the acquisition of additional high potential acreage in eastern Tennessee. It's exploration efforts are concentrated in the East Tennessee portion of the Eastern Overthrust Belt. Management has selected two large structures and is actively leasing acreage on both of them. The Company has acquired more than 6,500 acres in the current leasing program. Two test wells are being planned on a large structure in said high potential acreage. Knox Dolomite wells in the Overthrust have reserves in excess of two Bcf gas per well.

In September of 2002, Miller drilled the Medcalf #1 well in Morgan County, Tennessee. Unfortunately, the Medcalf well was a dry hole. However, the Company was able to select a second location using information obtained during the drilling of the first well. Miller applied to the Oil & Gas Board for a permit to drill the Pelc #1 in November of 2002. Subsequently, legal proceedings were filed over the ownership of the oil and gas rights. See Part II Item 1 Legal Proceedings.

## Liquidity and Capital Resources

We estimate that we will be able to adequately fund our development and production plans, with the exception of the acquisition of additional properties, for the next 12 months. Sources of funds for us will be revenue from operations, in particular sales of working interests in wells that we drill; receipts from the private placement of our securities; and loans.

We believe that our current cash flow will be sufficient to support our cash requirements for development and production over the next 12 months.

## Results of Operations

The Company had revenues of $340,936 for the third quarter of fiscal 2003, down from the $936,519 in revenues recognized during the third quarter of fiscal 2002.

Oil and gas revenue for the current quarter was $157,034 up from $97,837 in the third quarter of fiscal 2002. This increase was due primarily to natural gas sales from the Lindsay Land Company lease and higher oil and natural gas prices.

Service and drilling revenue for the third quarter was $169,952 down from $620,382 for the same quarter last year. This decrease was due to the decreased drilling activity.

During the current quarter, retail sales were $7,500 compared to $208,347 during the third quarter of fiscal 2002. This decrease was due to the sharp decline in oilfield activities.

The Company's net loss for the current quarter was $132,176, down from net income of $77,322 for the same quarter of fiscal 2002. This decrease was due to a dramatic decrease in drilling activity and retail sales.

Cost of oil and gas sales for the third quarter of fiscal 2003 was $ 64,859, down from $345,587 in the same quarter of fiscal 2002, due primarily to the decrease in drilling activity.

Selling, general and administrative expenses were $99,649, down from $140,428 in the third quarter of fiscal 2002. This decrease was primarily due to decreases in insurance, legal and professional expenses.

Salaries and wages for the current quarter were $181,177, down from $213,267 in the third quarter of fiscal 2002.

Depreciation, depletion and amortization for the third quarter of fiscal 2003 was $83,176 down from $116,541 in the third quarter of 2002. This decrease was due to a reduction in drilling activities.

The Company had revenues of $1,527,838 for the nine months ended January 31, 2003, down from the $2,779,781 in revenues recognized during the same period of fiscal year 2002.

Oil and gas revenue for the first nine months of fiscal 2003 was $477,416 up from $306,566 in the first nine months of fiscal 2002. This increase was due primarily to natural gas sales from the Lindsay Land Company lease, oil sales from the Koppers lease and higher oil and gas prices.

Service and drilling revenue for the first nine months of fiscal 2003 was $839,162 down from $2,171,631 for the first nine months of fiscal 2002. This decrease was due to sharp decreases in drilling activity since last year.

During the first nine months of the current fiscal year, retail sales were $10,200 compared to $265,336 during the same period of fiscal 2002. This decrease is due to a general decline in oilfield activities.

Sale of equipment during the first nine months of fiscal 2003 was $73,703 because of the sale of excess operating equipment to Myers Completions, Inc.

Other revenue for the fist nine months of fiscal 2003 was $127,357 up from $30,693 during the same period last year due primarily to the settlement with the Blue Ridge Group, Inc.

The Company's net loss for the first nine months of fiscal 2003 was $167,269, up from a net loss of $69,277 for the same period of fiscal 2002.

Cost of oil and gas sales for the first nine months of fiscal 2003 was $299,635, down from $1,353,821 in the same period of fiscal 2002, because of a sharp decline in drilling activity.

Selling, general and administrative expenses for the first nine months of fiscal 2003 were $401,433, down from $454,151 during the same period of fiscal 2002.

Salaries and wages for the first nine months of fiscal 2003 were $601,829, up from $587,044 in the same period of fiscal 2002.

Depreciation, depletion and amortization for the first nine months of fiscal 2003 was $245,538 down from $333,386 in the same period of fiscal 2002. This decrease was due to less production equipment being placed in service.

Item 3. Controls and Procedures

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Within the 90-day period prior to the filing of this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. It should be noted that the design of any system of controls is based on in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On or about January 20, 2000, the Company filed a complaint against Blue Ridge Group, Inc. in the Chancery Court of Hawkins County at Rogersville, Tennessee, Case No. 13951, asserting that Blue Ridge had breached a Footage Drilling Contract with the Company. Miller asserted that Blue Ridge had breached the said contract by quitting the job without drilling to the required depth, failing to drill a straight hole, and by damaging the well bore by failing to conduct its operations in a good and workmanlike manner in accordance with good industry practice. The Company has asked that it be awarded its initial payment of $37,000.00 to Blue Ridge, damages occasioned by the improper deviation of the hole from the vertical plane; damages for the cost of re-drilling and/or re-working the hole, damages allowed by the parties contract, further and equitable relief to which it may be entitled, and to assess the costs of this cause, including Miller's discretionary costs, to Blue Ridge. On May 10, 2002, the Chancery Court of Hawkins County ruled in favor of Miller Petroleum, Inc. and awarded damages of $97,716.21 plus interest. Subsequently, Blue Ridge Group appealed the decision to the Tennessee Supreme Court.

The Blue Ridge action was settled for $90,000 in cash and a $25,000 credit for oilfield services from the Blue Ridge Group, Inc.

On or about April 12, 2002, the Company filed a complaint against Nami Resources Company, LLC in the Circuit Court for Scott County at Huntsville, Tennessee asserting that Nami had failed to pay for natural gas received and $16,456.12 is justly due and owing to Miller. On or about May 14, 2002, Nami Resources Company, LLC filed a complaint against Miller Petroleum, Inc. in the United States District Court, Eastern District of Kentucky, London Division, Civil Action No. 02-255-DCR asserting that Miller had breached a contract for the sale and transportation of natural gas asking for relief in the amount of $400,000 plus court costs and attorney fees.

The Nami action is pending and the Company believes that it is justly owed $16,456.12 and does not believe that a contract existed to be breached. However, a decision for Nami would not have a material effect on Miller.

On or about January 13, 2003, Bob A. Pelc and Bernard J. Pelc filed a "Verified Complaint To Quiet Title And To Enforce Claim Of Abandoned Mineral

Interest" against Donald R. Bardill and Miller Petroleum, Inc., in the Chancery Court of Morgan County, Tennessee, asserting that the mineral interest in certain property in Morgan County, Tennessee, owned by Donald R. Bardill and leased to Miller Petroleum, Inc., had been extinguished and that said mineral interest had reverted to the owner of the surface. The complaint asked the Court that it be adjudged and finally determined that the Plaintiffs are the lawful owners and are vested with absolute and unencumbered title in not only fee simple to the Subject Property but also any previous mineral rights or other encumbrances, such as those held by Bardill.

Donald R. Bardill is defending the above action against his title in his mineral interest. The lease to Miller has been extended to six months past the end of the civil action. It appears likely that Bardill will prevail in the courts and Miller will drill for oil on its lease from Bardill. In any event, this case will not have a material effect on Miller.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.*

(a) Exhibits.

None.

(b) Reports on Form 8-K.

None.

* A summary of any Exhibit is modified in its entirety by reference to the actual Exhibit.

SIGNATURES

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

Date: March 14, 2003 MILLER PETROLEUM, INC.

By:/s/Deloy Miller

Deloy Miller

Chief Executive Officer

Date: March 14, 2003 By:/s/Lawrence L. LaRue

Lawrence L. LaRue,
Chief Financial Officer

SECTION 302 CERTIFICATION

I, Deloy Miller, certify that:

1. I have reviewed this quarterly report of MILLER PETROLEUM, INC.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order 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 quarterly report;

3. Based on my knowledge, the financial statement, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation of the Evaluation Date;

5. The registrant's other qualifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls, and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal

controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/Deloy Miller
Deloy Miller, Chief Executive Officer

SECTION 302 CERTIFICATION

I, Lawrence LaRue, certify that:

1. I have reviewed this quarterly report of MILLER PETROLEUM, INC.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order 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 quarterly report;

3. Based on my knowledge, the financial statement, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation of the Evaluation Date;

5. The registrant's other qualifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls, and

6. The registrant's other certifying officers and I have indicated in

this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By:/s/Lawrence LaRue
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Lawrence LaRue, Chief Financial Officer

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

In connection with the Quarterly report of Miller Petroleum, Inc. (the "Company") on Form 10-QSB for the period ending January 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Deloy Miller, Chief Executive Officer and Lawrence LaRue, Chief Financial Offier of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Deloy Miller
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Deloy Miller
Chief Executive Officer
03/14/03

/s/Lawrence LaRue
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Lawrence LaRue
Chief Financial Offier
03/14/03