COASTAL CARIBBEAN OILS & MINERALS LTD
Form 10-K/A
November 23, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K/A

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number 001-04668

Coastal Caribbean Oils & Minerals, Ltd.

(Exact name of Registrant as specified in its charter)

BERMUDA	**NONE**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification No.)**
Clarendon House, Church Street, Bermuda	**HM 11**
(Address of Principle Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code:

(850) 878-2411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:

Title of Class

Common stock, par value $.12 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨ Yes x No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if smaller reporting company)	Smaller reporting company	x

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant s most recently completed second fiscal quarter: $2,295,203 (U.S.) at June 30, 2009.

Note If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date: Common stock, par value $.12 per share, 62,270,270 shares outstanding as of April 8, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10K (e.g. Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

None

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EXPLANATORY NOTE

This Amendment on Form 10-K/A (the Amendment) amends our annual report for the fiscal year ended December 31, 2009, originally filed with the Securities and Exchange Commission (SEC) on April 12, 2010 (the Original Report). We are filing this Amendment to address comments received from the SEC s staff subsequent to filing our Original Report. In response to comments from the SEC, we have amended the Original Report to revise a few paragraphs of text within the notes to the Financial Statements, however the SEC requires the entire Item in which a revision is made to be refiled. There have been no revisions to any of the Financial Statements themselves but they are being refiled as part of Item 8. Under Item 8, Note 1 Summary of Significant Accounting Policies has been revised regarding the Company s full cost ceiling tests and Note 2 Unproved Oil and Gas Properties has been revised to correct the number of acres held under lease in Montana to reflect the number of acres that were set out elsewhere in the Original Report. In addition, a revision was made to Item 9A regarding our Controls and Procedures to reflect the conclusion regarding the internal control over financial reporting. Finally, Exhibit 31.1 was revised to include language regarding internal control over financial reporting.

No other information in the Original Report, other than the filing of the revised disclosures, is amended hereby. Except for the foregoing, the Amendment speaks as of the filing date of the Original Report and does not update or discuss any other Company developments after the date of the Original Report.

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All monetary figures set forth are expressed in United States currency.

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PART II

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors

Coastal Caribbean Oils & Minerals, Ltd.

Apalachicola, Florida

We have audited the consolidated balance sheets of Coastal Caribbean Oils & Minerals, Ltd. and subsidiary (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, cash flows and common stock and capital in excess of par value, for the years then ended, and for the period from January 31, 1953 (inception) to December 31, 2009. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coastal Caribbean Oils & Minerals, Ltd. and subsidiary as of December 31, 2009 and 2008, and the results of their operations and cash flows for the years then ended, and for the period from January 31, 1953 (inception) to December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company suffered recurring losses from operations and has not yet realized any revenues from development activities. This raises substantial doubt about the Company s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We were not engaged to examine management s assertion about the effectiveness of Coastal Caribbean Oils & Minerals, Ltd s internal control over financial reporting as of December 31, 2009 included in the accompanying *Management s annual report on internal control over financial reporting* and, accordingly, we do not express an opinion thereon.

Baumann, Raymondo & Company PA

Tampa, Florida

April 8, 2010

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COASTAL CARIBBEAN OILS & MINERALS, LTD.

(A Bermuda Corporation)

A Development Stage Company

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. dollars)

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 9,207	$ 752
Total current assets	9,207	752
Certificates of deposit	85,255	84,765
Petroleum leases	2,257,741	2,200,475
Equipment, net	3,895	6,415
Total assets	$ 2,356,098	$ 2,292,407
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 242,693	$ 58,885
Notes payable	73,198	
Amounts due to related parties	1,098,949	758,021
Total current liabilities	1,414,840	816,906
Shareholders equity:		
Common stock, par value $.12 per share:		
Authorized 250,000,000 shares		
Outstanding 47,936,604 and 46,261,604 shares, respectively	5,752,392	5,551,392
Discount on common stock	(103,475)	
Capital in excess of par value	32,139,311	32,139,311
Stock subscription	10,000	
	37,798,228	37,690,703
Deficit accumulated during the development stage	(36,856,970)	(36,215,202)
Total shareholders equity	941,258	1,475,501
Total liabilities and shareholders equity	$ 2,356,098	$ 2,292,407

See accompanying notes.

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COASTAL CARIBBEAN OILS & MINERALS, LTD.

(A Bermuda Corporation)

A Development Stage Company

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

	Years Ended December 31, 2009	2008	For the period from Jan. 31, 1953 (inception) to Dec. 31, 2009
Gain on settlement	$	$	$ 8,124,016
Interest and other income	490	4,057	3,984,461
	490	4,057	12,108,477
Expenses:			
Legal fees and costs	82,869	152,793	17,654,557
Administrative expenses	214,646	262,500	11,059,367
Salaries	125,000	125,000	4,396,431
Shareholder communications	24,595	9,326	4,149,616
Goodwill impairment			801,823
Write off of unproved properties			6,690,752
Exploration costs			188,218
Lawsuit judgments			1,941,916
Minority interests			(632,974)
Other			364,865
Contractual services	195,148		2,350,876
	642,258	549,619	48,965,447
Net loss before income Taxes	(641,768)	(545,562)	(36,856,970)
Income tax benefit			
Net loss	$ (641,768)	$ (545,562)	
Deficit accumulated during the development stage			$ (36,856,970)
Net loss per share based on weighted average number of shares outstanding during the period:			
Basic and diluted EPS	$ (.01)	$ (.01)	
Weighted average number of shares outstanding (basic and diluted)	46,737,289	46,249,960	

See accompanying notes.

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COASTAL CARIBBEAN OILS & MINERALS, LTD.

(A Bermuda Corporation)

A Development Stage Company

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

	Years Ended December 31, 2009	2008	For the period from Jan. 31, 1953 (inception) to Dec. 31, 2009
Operating activities:			
Net loss	$ (641,768)	$ (545,562)	$ (36,856,970)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on settlement			(8,124,016)
Goodwill impairment			801,823
Minority interest			(602,949)
Depreciation	2,520	2,520	9,078
Write off of unproved properties			6,690,752
Common stock issued for services	30,025		119,500
Compensation recognized for stock option grant			75,000
Recoveries from previously written off properties			252,173
Net change in:			
Prepaid expenses and other		30,041	
Accounts payable and accrued liabilities	524,736	457,572	1,284,377
Income taxes payable			
Net cash used in operating activities	(84,487)	(55,429)	(36,351,232)
Investing activities:			
Additions to oil, gas, and mineral properties net of assets acquired for common stock and reimbursements	(57,266)	(250,163)	(6,453,252)
Well drilling costs			(1,071,011)
Sale of unproved nonoperating interests		217,981	512,595
Net proceeds from settlement			8,124,016
Proceeds from relinquishment of surface rights			246,733
Purchase of certificates of deposit	(490)	(4,056)	(139,910)
Redemption of certificate of deposit		54,655	54,655
Purchase of Minority interest in subsidiary			(801,823)
Purchase of equipment			(74,623)
Net cash provided by (used in) investing activities	(57,756)	18,417	397,380
Financing activities:			
Notes payable proceeds	73,198		184,988
Repayment of loans			(111,790)
Sale of common stock, net of expenses	67,500		30,448,112
Stock subscription received	10,000		10,000

Shares issued upon exercise of options		7,500	891,749
Sale of shares by subsidiary			820,000
Sale of subsidiary shares			3,720,000
Net cash provided by financing activities	150,698	7,500	35,963,059
Net (decrease) increase in cash and cash equivalents	8,455	(29,512)	9,207
Cash and cash equivalents at beginning of period	752	30,264	
Cash and cash equivalents at end of period	$ 9,207	$ 752	$ 9,207

See accompanying notes.

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COASTAL CARIBBEAN OILS & MINERALS, LTD.

(A Bermuda Corporation)

A Development Stage Company

CONSOLIDATED STATEMENT OF COMMON STOCK

AND CAPITAL IN EXCESS OF PAR VALUE

(Expressed in U.S. dollars)

For the period from January 31, 1953 (inception) to December 31, 2009

	Number of Shares	Common Stock	Discount on Common Stock	Capital in Excess of Par Value
Shares issued for net assets and unrecovered costs at inception	5,790,210	$ 579,021	$	$ 1,542,868
Sales of common stock	26,829,486	3,224,014		16,818,844
Shares issued upon exercise of stock options	510,000	59,739		799,760
Market value ($2.375 per share) of shares issued in 1953 to acquire an investment	54,538	5,454		124,074
Shares issued in 1953 in exchange for 1/3rd of a 1/60th overriding royalty (sold in prior year) in nonproducing leases of Coastal Petroleum	84,210	8,421		
Market value of shares issued for services rendered during the period 1954-1966	95,188	9,673		109,827
Net transfers to restate the par value of common stock Outstanding in 1962 and 1970 to $0.12 per share		117,314		(117,314)
Increase in Company s investment (equity) due to capital transactions of Coastal Petroleum in 1976				117,025
Balance at December 31, 1990	33,363,632	4,003,636		19,395,084
Sale of subsidiary shares				300,000
Balance at December 31, 1991	33,363,632	4,003,636		19,695,084
Sale of subsidiary shares				390,000
Balance at December 31, 1992	33,363,632	4,003,636		20,085,084
Sale of subsidiary shares				1,080,000
Balance at December 31, 1993	33,363,632	4,003,636		21,165,084
Sale of subsidiary shares				630,000
Balance at December 31, 1994	33,363,632	4,003,636		21,795,084
Sale of subsidiary shares				600,000
Balance at December 31, 1995	33,363,632	4,003,636		22,395,084
Sale of common stock	6,672,726	800,727		5,555,599
Sale of subsidiary shares				480,000
Exercise of stock options	10,000	1,200		12,300
Balance at December 31, 1996	40,046,358	4,805,563		28,442,983

Sale of subsidiary shares				240,000
Exercise of stock options	10,000	1,200		10,050
Balance at December 31, 1997,1998 and 1999	40,056,358	4,806,763		28,693,033
Sale of common stock	3,411,971	409,436		2,729,329
Compensation recognized for stock option grant				75,000
Balance at December 31, 2000 and 2001	43,468,329	5,216,199		31,497,362
Sale of common stock	2,743,275	329,193		570,449
Balance as of December 31, 2002	46,211,604	5,545,392		32,067,811
Sale of subsidiary shares				70,000
Balance as of December 31, 2003 through 2007	46,211,604	5,545,392		32,137,811
Exercise of stock options	50,000	6,000		1,500
Balance as of December 31, 2008	46,261,604	5,551,392		32,139,311
Sale of common stock	1,191,333	142,960	(75,460)	
Shares issued for services	483,667	58,040	(28,015)	
Balance as of December 31, 2009	47,936,604	$ 5,752,392	$ (103,475)	$ 32,139,311

See accompanying notes.

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1. Summary of significant accounting policies

Consolidation

The accompanying consolidated financial statements include the accounts of Coastal Caribbean Oils & Minerals, Ltd., a Bermuda corporation (Coastal Caribbean) and its wholly owned subsidiary, Coastal Petroleum Company (Coastal Petroleum), referred to collectively as the Company. The Company, which has been engaged in a single industry and segment, is considered to be a development stage company since its exploration for oil, gas and minerals has not yielded any significant revenue or reserves. All intercompany transactions have been eliminated. Certain prior year amounts have been reclassified to conform with the current year presentation.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Equipment

Equipment is recorded at cost. Depreciation is provided using straight-line over five years, the estimated useful lives of the assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The ability to develop the Company s oil and gas properties will have a significant effect on the Company s financial position and results of operations. Actual results could differ from those estimates.

Unproved Oil, Gas and Mineral Properties

The Company follows the full cost method of accounting for its oil and gas properties. All costs associated with property acquisition, exploration and development activities whether successful or unsuccessful are capitalized. As our properties are unproven, these costs are temporarily exempt from amortization. Once the Company has proved reserves the capitalized costs will be amortized using the unit-of-production basis.

The Company assesses whether its unproved properties are impaired at least on a quarterly basis. This assessment is based upon work completed on the properties to date, the expiration date of its leases and technical data from the properties and adjacent areas. Our capitalized costs are subject to a ceiling test which basically limits such costs to the aggregate of the estimated present value discounted at a 10% rate of future net revenues from proved reserves based on current economic and operating conditions, plus the cost of properties not being amortized. As of December 31, 2009 and 2008, no impairment was identified.

Sales of unproved nonoperating interests in oil and gas leases are accounted for as a reduction in the capitalized amount of the leases.

Sale of Subsidiary Shares

All amounts realized from the sale of Coastal Petroleum shares have been credited to capital in excess of par value.

Net Income (Loss) Per Share

Net income (loss) per common share is based upon the weighted average number of common and common equivalent shares outstanding during the period. The Company s basic and diluted calculations of EPS are the same because the exercise of options is not assumed in calculating diluted EPS, as the result would be anti-dilutive.

1. Summary of significant accounting policies (Cont d)

Financial instruments

The carrying value for cash and cash equivalents, certificates of deposit, and accounts payable approximates fair value based on anticipated cash flows and current market conditions.

Stock Based Compensation

The Company uses the fair value based method of accounting for its stock option plans, which requires companies to expense stock options and other share-based payments.

New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued several new standards which have implementation dates subsequent to the Company s year end. Management does not believe that any of these new standards will have a material impact on the Company s financial position, results of operations or cash flows.

Going Concern

The Company has no recurring revenues, had recurring losses since 2006 and prior to 2005, and has a deficit accumulated during the development stage. The Company s current cash position is not adequate to fund existing operations or exploration and development of its oil and gas properties. Currently, management is actively pursuing funding to allow the Company to undertake exploration efforts on its own. The Company has an agreement in place with a director which provides the director with options to further fund the Company to continue operations and exploration of its leases. The Company continues to be in contact with several parties interested in investing in the Company so that the Company could explore its leases on its own. In addition, the Company has been in contact with other parties interested in working with the Company, in buying some of the Company s leases or in buying an interest in those leases. There is no assurance that the Company will be able to obtain any funding, that the director will exercise the options under the current agreement, that sufficient funding can be obtained, or that the Company will be able to raise necessary funds through the sale of some of its leases or interests in those leases.

These situations raise substantial doubt about the Company s ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of this uncertainty.

2. Unproved Oil, Gas and Mineral Properties
Farm-out Agreements and Drilling Activity

In May 2008, we entered an agreement with Cobra. Under the agreement, Cobra paid Coastal $180,000 for the option to acquire a half interest in approximately 87,000 acres of Coastal s Valley County Leases. The agreement allowed the Company to pay its Lease rentals that were due on June 1, 2008, and brought in a new party to explore on the Leases. Cobra has until May 2010 to exercise the option by spending $1,000,000 on behalf of the Company, drilling wells on the leases covered by the agreement. Those leases included approximately 62,000 acres of leases that were formally under an agreement with F-Cross Resources that expired in 2008 and more than 17,000 acres of other leases Coastal held in Valley County. No drilling has taken place yet under this agreement.

In August 2007, the Company entered into a farm-out agreement with Western Standard Energy Corp. (Western Standard). Under the agreement Western Standard paid $40,000 up front to Coastal and then paid an additional $255,000 to cover the costs of drilling the first well to test a shallow natural gas prospect in Valley County, Montana and $129,000 to cover associated lease rentals. The Company did not record the receipt of the $255,000 or the cost of the associated well and recorded the remaining $169,000 as a reduction in capitalized petroleum lease costs. The Agreement expired in 2008 when Western Standard did not exercise its option under the Agreement.

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2. Unproved Oil, Gas and Mineral Properties (Cont d)

The first well under this agreement was drilled during October 2007, to test a shallow natural gas prospect near the middle of the Company s Valley County Leases. The well reached a total depth of 1,126 feet, and confirmed the structural high that the Company believed to be there. The well also had gas shows in two zones. Casing was run into the hole and operations to complete and test the well were delayed but took place in 2008. The Company also received an additional $29,000 from Western Standard to cover additional drilling and other costs associated with the delay in well completion, which has been recorded as a reduction in capitalized petroleum lease costs. Western Standard also paid the estimated well completion costs of $65,000 before operations began in 2008. The completion efforts revealed that the well had been damaged and could not be tested. Once completion efforts were finished on the well, Western Standard had 30 days to exercise its option to purchase a 50% interest in the leases, but did not so exercise.

In September 2007, the Company received $50,000 from F-Cross when the two parties entered into a farm-out agreement covering approximately 64,000 acres on the northwest part of the Company s Valley County Leases. Under the agreement, F-Cross had the option to drill a Lodgepole test well within six months and after drilling that well had the further option to acquire an interest in surrounding acreage. F-Cross was to pay for the cost of drilling the initial well and receive a 100% working interest in the well until payout and an 80% working interest subsequent to payout with the Company retaining the other 20%. The first Lodgepole test well was spudded on November 3, 2007 and drilling was finished, but the well is still awaiting completion and testing of several zones which have potential for both oil and gas. However, F-Cross did not meet the requirements in the agreement and in late March the option to acquire an interest in additional acreage expired, leaving F-Cross with rights only in the section in which it drilled the well.

Montana Leases

The Company s primary presence in Montana is in Valley County, where it holds leases covering approximately 35,873 net acres which are the remaining unexpired leases from those leases the Company acquired in three separate acquisitions between July 2005 and February 2006. The leases acquired in those acquisitions are contiguous to each other and are referred to collectively as the Valley County Leases.

The first acquisition of the Valley County Leases was in July 2005, when the Company acquired the rights to drill two 6,500 foot wells to test Mississippian Lodgepole reefs in Valley County, in northeast Montana for a one time fee of $50,000 from an entity controlled by one of the Company s Directors. That acquisition included a small amount of acreage and the option to drill fifty additional prospects in the Valley County area.

The second acquisition of the Valley County Leases was in November 2005, when the Company acquired a group of oil and gas lease rights to approximately 109,423 net acres in eastern Montana for $1,568,000 from EOG Resources, Inc. and Great Northern Gas Company. These leases are subject to various overriding royalty interests to others ranging up to 19.5%. These leases expire in years from 2007 to 2014.

The final acquisition of acreage within the Valley County Leases was in February 2006, when the Company acquired additional oil and gas leases in eastern Montana covering 27,740 net acres contiguous to its existing Montana leases. These leases were acquired from the Bureau of Land Management and United States Department of the Interior.

The Company borrowed $126,000 in May 2007 to pay its lease obligations that were due in June 2007. The note required the loan to be repaid prior to the Company spudding the first well on any of the approximately 42,000 acres its leases covered by the loan agreement. Coastal assigned a 5% overriding royalty interest (before all expenses) in 8/8ths of the oil or natural gas produced from those Valley County Montana leases to the lender. The loan was repaid on October 15, 2007, prior to the spudding of the first well on the acreage, out of the money advanced by Western Standard to cover lease rentals under their agreement with the Company.

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2. Unproved Oil, Gas and Mineral Properties (Cont d)

North Dakota Leases

In July 2005, the Company acquired leases to the deeper rights in approximately 21,688 net acres in and near Slope County, North Dakota for a one time fee of $50,000 from an entity controlled by one of the Company s Directors and the Company has invested some additional funds to geochemically test and high-grade these and other prospects on the leases. Since that time, some of the leases have expired and the Company currently holds leases on approximately 8,748 gross and 8,510 net acres in North Dakota. The Company is obligated to drill a test well on the original leases totaling 7,031.08 acres before June 1, 2010, and has the option to drill the remaining Lodgepole Reef prospects on these leases. The Company had intended to team with other entities to share the cost of the initial 9,700 foot test well, the total estimated drilling cost of which is estimated to be $1,500,000, however, it is unlikely that the Company will be able to identify and contract with a team prospect prior to the expiration date. The leases making up the remaining acreage were leased by the Company and have no obligation associated with them. The Company is actively seeking funding sufficient to allow it to explore its leases on its own.

In an effort to explore the North Dakota leases, in December of 2008, the Company entered a new farm-out agreement with Western Standard. Under the agreement, the Company assigned leases over four of its high-graded Lodgepole Reef prospects to Western Standard in return for $80,000, which was recorded as a reduction in capitalized petroleum lease costs. The Company will also retain a back-in working interest of 20% in the leases after payout. Oil For America has agreed to waive the drilling obligation on these four prospects. The Company still retains additional Lodgepole reef prospects on its North Dakota leases that are not covered by this farm-out agreement.

(Intentionally left blank.)

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3. Common Stock

The Company s Bye-Law No. 21 provides that any matter to be voted upon must be approved not only by a majority of the shares voted at such meeting, but also by a majority in number of the shareholders present in person or by proxy and entitled to vote thereon.

The following represents shares issued upon sales of common stock:

Year	Number of Shares	Common Stock	Capital in Excess of Par Value
1953	300,000	$ 30,000	$ 654,000
1954	53,000	5,300	114,265
1955	67,000	6,700	137,937
1956	77,100	7,710	139,548
1957	95,400	9,540	152,492
1958	180,884	18,088	207,135
1959	123,011	12,301	160,751
1960	134,300	13,430	131,431
1961	127,500	12,750	94,077
1962	9,900	990	8,036
1963	168,200	23,548	12,041
1964	331,800	46,452	45,044
1965	435,200	60,928	442,391
1966	187,000	26,180	194,187
1967	193,954	27,153	249,608
1968	67,500	9,450	127,468
1969	8,200	1,148	13,532
1970	274,600	32,952	117,154
1971	299,000	35,880	99,202
1972	462,600	55,512	126,185
1973	619,800	74,376	251,202
1974	398,300	47,796	60,007
1975			(52,618)
1976			(8,200)
1977	850,000	102,000	1,682,706
1978	90,797	10,896	158,343
1979	1,065,943	127,914	4,124,063
1980	179,831	21,580	826,763
1981	30,600	3,672	159,360
1983	5,318,862	638,263	1,814,642
1985			(36,220)
1986	6,228,143	747,378	2,178,471
1987	4,152,095	498,251	2,407,522
1990	4,298,966	515,876	26,319
1996	6,672,726	800,727	5,555,599
2000	3,411,971	409,436	2,729,329
2002	2,743,275	329,193	570,449
2009	1,191,333	142,960	
	40,848,791	$ 4,906,330	$ 25,674,221

The following represents shares issued upon exercise of stock options:

Year	Number of Shares	Common Stock	Capital in Excess of Par Value
1955	73,000	$ 7,300	$ 175,200
1978	7,000	840	6,160
1979	213,570	25,628	265,619
1980	76,830	9,219	125,233
1981	139,600	16,752	227,548
1996	10,000	1,200	12,300
1997	10,000	1,200	10,050
2008	50,000	6,000	1,500
	580,000	$ 68,139	$ 823,610

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3. **Common Stock (Cont d)**

During 2009, the Company accrued a $45,000 fee and issued 250,000 shares of common stock to its President in connection with a loan provided by the President for the Company to use for capital raising expenses. The Company expensed $12,500 as the fair value of these shares. Also during 2009, the Company issued 233,667 shares of Common stock to a consultant for capital raising services. The Company expensed $17,525 as the fair value of these shares.

4. **Stock Option Plans**

At December 31, 2009, the Company maintains two stock-based employee compensation plans.

During 1995, the Company adopted a Stock Option Plan covering 1,000,000 shares of the Company s common stock. In July 2005, the Company issued an option to its president to acquire 50,000 shares of the Company s common stock at a price of $.15 per share under the Company s stock option plan. The option expires in ten years and was fully vested when issued. The Company determined the fair value of the stock did not exceed the exercise price on the date of issue and no expense was recorded in 2005.

Unexercised options that existed prior to the 2005 Agreement with the State of Florida were terminated by the Agreement or the releases exchanged during the process of closing that Agreement.

In December 2005, the Company issued options to its directors to acquire 200,000 shares of the Company s common stock at a price of $.15 per share. The option expires in December 2015 and was fully vested when issued. The Company determined the fair value of the stock did not exceed the exercise price on the date of issue.

During 2005, the Company adopted a Stock Option Plan covering 2,300,000 shares of the Company s common stock. In September 2005, the Company issued an option to its president to acquire 250,000 shares of the Company s common stock at a price of $.20 per share under the Company s stock option plan, subject to the approval of the Plan by shareholders. The Plan was approved at the shareholders meeting on December 9, 2005. The option expires in ten years and was fully vested when issued. The Company determined the fair value of the stock did not exceed the exercise price on the date of issue.

Effective January 1, 2006, the Company adopted SFAS No. 123 (Revised 2004), *Share-Based Payments*, which requires companies to expense stock options and other share-based payments. The Company did not issue any stock options or share-based payments in 2008 or in 2009.

The following table summarizes employee stock option activity:

Employee Options outstanding	Number of Shares	Range of Per Share Option Price ($)	Weighted Average Exercise Price ($)	Aggregate Option Price ($)
Outstanding and exercisable at December 31, 2007	500,000	.15 - .20	.19	87,500
Exercised during 2008	(50,000)	(.15)	(.15)	(7,500)
Issued or cancelled during 2008				
Outstanding and exercisable at December 31, 2008	450,000	.15 - .20	.19	80,000
Issued or cancelled during 2009				
Outstanding and exercisable at December 31, 2009	450,000	.15 - .20	.17	80,000

Available for grant at December 31, 2009	2,775,000

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4. Stock Option Plans (Cont d)

Summary of Employee Options Outstanding at December 31, 2009

Year Granted	Number of Shares	Expiration Date	Exercise Prices ($)
Granted 2005	50,000	July 25, 2015	.15
Granted 2005	250,000	September 27, 2015	.20
Granted 2005	150,000	December 20, 2015	.15

The weighted-average remaining contractual life of the outstanding stock options at December 31, 2009, and 2008 was 6 years and 7 years, respectively.

Nonqualified Stock Options

In July 2005, the Company issued an option to its legal counsel to acquire 25,000 shares of the Company s common stock at a price of $.15 per share. The option expires in July 2015 and was fully vested when issued. The market value of the stock equaled the exercise price on the date of issue.

A summary of non-employee option activity follows:

Non-Employee Options outstanding	Number of Shares	Range of Per Share Option Price ($)	Weighted Average Exercise Price ($)	Aggregate Option Price ($)
Outstanding and exercisable at December 31, 2007	25,000	.15	.15	3,750
Issued or cancelled during 2008				
Outstanding and exercisable at December 31, 2008	25,000	.15	.15	3,750
Issued or cancelled during 2009				
Outstanding and exercisable at December 31, 2009	25,000	.15	.15	3,750

Effective January 1, 2006, the Company adopted SFAS No. 123 (Revised 2004), *Share-Based Payments*, which requires companies to expense stock options and other share-based payments. The Company did not issue any stock options or share-based payments to non-employees in 2008 or in 2009.

The following table summarizes information about non-employee stock options:

Summary of Non Employee Options Outstanding at December 31, 2009

Year Granted	Number of Shares	Expiration Date	Exercise Prices ($)
Granted 2005	25,000	July 25, 2015	.15

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5. Income taxes

The Company is organized under the laws of Bermuda. Bermuda currently imposes no taxes on corporate income or capital gains outside of Bermuda. The Company s subsidiary is a U.S. corporation and is subject to U.S. income tax and files income tax returns in the U.S. and the State of Florida. For 2009 and 2008, the subsidiary has net taxable losses. The subsidiary will have approximately $10,000,000 in net operating losses to carry forward to 2010. The remaining net operating loss carry forwards expire in periods from 2010 through 2028 as follows: $571,000 in 2010, $955,000 in 2011, $1,281,000 in 2012, $757,000 in 2018, $622,000 in 2019, $749,000 in 2020, $1,884,000 in 2021, $1,693,000 in 2022, $132,000 in 2023, $57,000 in 2024, $1,434,000 in 2026, $195,000 in 2027, and $112,000 in 2028, $200,000 in 2029. For financial reporting purposes, a valuation allowance has been recognized to offset the deferred tax assets relating to those carry forwards.

Significant components of the Company s deferred tax assets were as follows:

	December 31,	
	2009	2008
Net operating losses	$ 3,619,000	$ 3,500,000
Accruals to related parties	265,000	265,000
Total deferred tax assets	3,884,000	3,765,,000
Valuation allowance	(3,884,000)	(3,765,000)
Net deferred tax assets	$	$

Components of the income tax provision for the years ended December 31, are as follows:

	2009	**2008**
Provision for income taxes		
Current provision (benefit) for income taxes	$ (73,000)	$ (30,000)
Benefit of net operating loss		
Deferred asset valuation allowance (reversal)	73,000	30,000
Net income tax provision (benefit)	$	$

The Company files income tax returns in the U.S. federal jurisdiction, and in various state jurisdictions. The Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2006, except possibly in future years should it utilize any net operating loss originating prior to 2006.

The Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company.

6. Related party transactions

Oil and Gas Exploration Activities

Pursuant to a written agreement with respect to the Valley County Leases, the Company uses an entity controlled by an individual who is a shareholder, officer and director of the Company to perform geotechnical analysis of potential drilling sites at a cost of $1,000 per site. The Company made no payments for the years ending December 31, 2009 or 2008.

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6. Related party transactions (Cont.d)

Services

Through May 2009, the Company paid a monthly retainer to the law firm of Angerer & Angerer which had been litigation counsel to the Company for more than twenty-five years and also served the Company in that capacity as well as others including general counsel services, management services, public relations, shareholder relations and representing the Company before state and federal agencies for permitting. The principals of the law firm included two individuals who are collectively shareholders, officers and a director of the Company. The Company accrued and expensed $60,000 and $144,000 in legal fees to Angerer & Angerer in 2009 and 2008, respectively. The Company owes $300,000 to Angerer & Angerer at December 31, 2009.

Since June 2009, the Company retained Robert J. Angerer, Sr. as legal counsel. Mr. Angerer has been litigation counsel to the Company for more than twenty-five years and resigned as counsel on January 14, 2010. As counsel for the Company he served the Company as litigation counse, but also provided the Company with general counsel services and management services and represented the Company before state and federal agencies for permitting. Mr. Angerer, Sr. is also a shareholder, officer and a director of the Company. The Company accrued and expensed $11,600 in legal fees to Mr. Angerer, Sr. for 2009.

Also since June 2009, the Company has retained Robert J. Angerer, Jr. who serves as the Company s corporate secretary and handles management services, public relations, shareholder relations and management of the Company s website. The Company incurred and expensed $0 in fees to Mr. Angerer, Jr. during 2009.

The Company expensed $10,908 and $8,193 for legal fees by the law firm of Igler & Dougherty, PA, during 2009 and 2008, respectively. The Company owed Igler & Dougherty, PA $12,534 at December 31, 2009. Mr. Herbert D. Haughton, a shareholder of the firm, was elected a director of Coastal Caribbean and of Coastal Petroleum in December 2005.

7. Concentrations of credit risk

All demand and certificate of deposits are held by commercial banks. The Company has no policy requiring collateral or other security to support its deposits, although all demand and certificate of deposits with banks are federally insured up to $250,000 under FDIC protection. Demand deposit bank balances totaled $9,207 and $752 at December 31, 2009 and 2008, respectively. Certificate of deposit balances were $85,255 and $84,765 at December 31, 2009 and 2008, respectively.

8. Notes Payable

During the first six months of 2009, the Company borrowed $48,198 from two individuals, which was used to make annual rental payments on specific leases. The loan is non interest bearing and has no set repayment terms. The individuals were granted a 0.5% royalty interest in the leases for which the borrowed money was used to pay rentals, which are located primarily in the Starbuck prospect area in Montana. These loans were repaid in January 2010.

During August 2009, the Company borrowed $25,000 from a consultant and also agreed to pay the consultant a fee of $25,000 to identify investors to consummate an agreement and fund the Drilling Plan. The funds from the loan were used to pay the Company s annual corporate fee to Bermuda as well as certain other operational expenses. The loan is non interest bearing and has no set repayment terms. No investor agreements have been consummated by the consultant at December 31, 2009, therefore the $25,000 loan is not currently due and the $25,000 fee has not been earned.

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9. Subsequent events

On January 14, 2010, the Company and Coastal entered into a letter agreement with Robert J. Angerer, Sr. for the funding of immediate cash needs and granting Mr. Angerer an option to fund the Company s and Coastal s future obligations. Under the agreement Mr. Angerer provided compensation to the Company including $300,000 cash and the forgiveness of $150,000 of legal fees owed to his law firm, Angerer & Angerer, forgiveness of $21,500 in director fees owed to him and credit of $240,000 for the completion of the Company s purchase of leases on which there is a Red River oil and gas development prospect. In return, Mr. Angerer was issued 14,400,000 Rule 144 restricted shares of the Company s common stock and provided an option to further fund the Company. Mr. Angerer may exercise up to four options by paying $3 million for each option beginning three months after the date of the agreement and thereafter in three month intervals. In return for the funding, Mr. Angerer would earn up to a total of 36% of the Company s operations in North Dakota and Montana in increments per exercised option and a 20% interest in Coastal Petroleum. There is also one extension available to extend the time to exercise the first option for three months in exchange for the payment of $50,000. Simultaneous with this transaction, Mr. Angerer resigned as the Vice President of both the Company and Coastal, but will remain as a Director and the Chairman of the Board of Directors for both the Company and Coastal.

Item 9A. Controls and Procedures

a. Management s evaluation of disclosure controls and procedures

As required by Rule 13a-15(b) under the Exchange Act, management carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, management believes that, as of December 31, 2009, the Company s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, accumulated, processed, summarized, reported, and communicated on a timely basis within the time periods specified in the Securities and Exchange Commission s rules and forms.

b. Management s annual report on internal control over financial reporting.

1. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with appropriate management authorization and accounting records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

2. Internal control over financial reporting is a process tailored to the Company s unique circumstances, designed under the supervision of the Company s Chief Executive and Chief Financial Officer, and effected by the Company s Board of Directors, its consultants and other personnel, taking into account the small size of the Company, small number of employees and others involved in the Company s finances. The process uses a system of checks and balances to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company s assets and the review of those transactions and dispositions by the Company s compliance officer;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company s receipts and expenditures are being made only in accordance with authorizations of management or the Company s Board of Directors; and

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provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material adverse effect on the Company s financial statements.

The Company s management assessed the effectiveness of the Company s internal control over financial reporting and based upon that assessment, management concluded that the Company s internal control over financial reporting was effective as of December 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*.

3. This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

c. <u>Changes in internal controls.</u>

The Company made no changes in its internal control over financial reporting that occurred during the Company s fourth fiscal quarter that has materially affected, or which is reasonably likely to materially affect the Company s internal control over financial reporting.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<u>COASTAL CARIBBEAN OILS & MINERALS, LTD.</u>

(Registrant)

By *\/s\/ Phillip W. Ware*
Phillip W. Ware, Chief Executive Officer
President and Principal Financial Officer

Dated: November 22, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

By */s/ Phillip W. Ware*
Phillip W. Ware
Director, Chief Executive Officer,

President and Principal Financial Officer

Dated: November 22, 2010

By */s/ Robert J. Angerer*
Robert J. Angerer
Director

Dated: November 22, 2010

By */s/ Herbert D. Haughton*
Herbert D. Haughton
Director

Dated: November 22, 2010

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INDEX TO EXHIBITS

Exhibit No.	
23.1	Consent of Baumann, Raymondo & Company, PA
31.1	Certification pursuant to Rule 13a-14 by Phillip W. Ware
32.1	Certification pursuant to Section 906 by Phillip W. Ware