STANDARD ENERGY CORP
Form 10KSB
June 30, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED March 31, 2005
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934 (the "Act")

Commission file number: 0-9336

STANDARD ENERGY CORPORATION
(Name of Small Business Issuer as specified in its charter)

Utah	87-0338149
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
447 Bearcat Drive Salt Lake City, Utah	84115-2517
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: (801) 364-9000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: $.01 Par Value Common Stock

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act 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.
Yes X No .

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-KSB, or any amendment to this Form 10-KSB .

The Issuer's revenue for the fiscal year ended March 31, 2005 was approximately $76,147.

1

As of June 28, 2005, 150,036,974 shares of the Issuer's common stock were issued and outstanding of which 52,848,761 shares were held by non-affiliates. As of June 28, 2005, the aggregate market value of shares held by non-affiliates, based upon the closing price reported by the Bulletin Board market reporting system, operated by Nasdaq of $0.04 bid, was approximately $2,113,950.

TABLE OF CONTENTS

2

Table of Contents Continued

PART I

ITEM 1. DESCRIPTION OF BUSINESS

General

Standard Energy Corporation's ("the Company") principal business is, and historically has been, the acquisition of unproven oil and gas leaseholds, primarily with the intent of reselling such leaseholds to third-parties. Historically, the Company has acquired primarily federal oil and gas leaseholds through the Bureau of Land Management's ("BLM") leasing program. The Company also obtains leases through purchases in competitive bidding programs offered by various state agencies, principally the States of Utah and Wyoming (the "Leasing Programs").

Fundamentally, the Company has three principal businesses. They are its traditional oil and gas lease activities, its royalty holdings and its Biofuels Project.

The Company evaluates the geologic potential of the leases, which it proposes to acquire, based primarily upon geologic information available through the Company's wholly-owned subsidiary, Petroleum Investment Company ("PIC"). The Company's President, Dean W. Rowell ("Rowell"), is materially involved in such evaluations which are based, among other factors, upon the results of prior exploratory and developmental activities on adjacent and contiguous properties, current lease sale trends and Rowell's 40+ years of experience in the domestic oil and gas business.

The Company, which is known within the industry as a buyer and seller of leases, typically is approached by a potential buyer for one or more of its leasehold interests. Negotiations generally ensue and a dollar price and retained royalty interest is agreed upon and a sale concludes.

Oil and Gas Leases

The Company had limited participation in the Leasing Programs from 1986 through the year ended March 31, 2005, except through its participation agreements with certain unrelated third parties on a limited basis. The Company presently has limited funds available to participate in the Leasing Programs. The Company believes that the deposit feature of the Leasing Programs have made the Company's participation in such Leasing Programs very difficult as the deposit feature penalizes many of the less capitalized participants and provides a substantial advantage to Leasing Program participants which have greater financial resources than the Company. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations")

4

The location and gross and net acreage of the Company's inventory of oil and gas leaseholds at March 31, 2005 were approximately as follows:

Location	Gross Acres	Net Acres
Utah	3,465	2,207
Wyoming	1,243	1,243
Total	4,708	3,450

A gross acre consists of 100% of the working interest. A net acre is calculated by gross acres multiplied by the percentage of working interest owned.

The above chart does not include the Company's interest in unrelated third-party leasehold acquisitions and leasehold sales. Third-party leasehold inventory was approximately 10,000 gross (5,000) net acres at fiscal year ended March 31, 2005. Also during the fiscal period, the Company's ability to acquire additional leaseholds was adversely affected. Because the Company has no financial basis in such leaseholds, the Company's financial statements and the foregoing acreage charts do not reflect the acquisition of such newly acquired leaseholds. As third-party leasehold sales take place, revenue is recorded under line item "Oil and gas activities".

Management has adopted a policy of periodically evaluating each of the leaseholds held by the Company to determine whether the current market value of a leasehold justifies making additional rental payments with respect thereto. Based upon such evaluation, the Company abandons (writes off) those leaseholds for which it does not wish to continue making rental payments. The amount of acreage abandoned and sold by the Company in each of the last two fiscal years has caused the Company's balance of inventory to decline over the course of such period, primarily due to past downturns in the domestic oil industry. No independent appraisals are obtained by the Company on leases purchased, nor is there an independent committee of the Board of Directors which evaluates any of its leases.

The Company's policy is to acquire and hold leaseholds in inventory for a period generally not longer than five years in order to maximize the gain to the Company on such leasehold costs. The Company does not advertise for the sale of leases owned by it, but rather believes that most of its leasehold purchasers become aware of the Company's leaseholds through an examination of BLM records or other means. During the Company's two fiscal years ended March 31, 2005 and 2004, revenues from oil and gas lease royalties during such period were approximately $71,300 and $97,000 respectively, reflecting the upturn in the domestic oil industry. (See "Consolidated Financial Statements")

5

The Company's oil and gas leasehold inventory remains at approximately 8,000 net acres at the year ended March 31, 2005, including leaseholds acquired under third-party agreements. Although its leasing activity was reduced substantially due to the sharp decline in oil and gas activities during the last five fiscal years, the Company believes it can continue its present lines of business, including the purchase and sale of newly acquired oil and gas leaseholds, due to the increase in price of domestic oil and gas during the past two years.

The majority of the Company's inventory of undeveloped leases are subject to the jurisdiction of the BLM, with the balance being leased from agencies of various Rocky Mountain states. As a result of the advance lease deposits required under the Leasing Programs, and the Company's current working capital difficulties, it may be expected that the percentage of leases acquired in the future from such states may increase. BLM leaseholds granted under the Leasing Program are leased by the BLM at an annual rental of $1.50 per acre, and $2.00 per acre for leases acquired and held for more than five years.

The majority of the Company's BLM leasehold inventory at March 31, 2005 consists of BLM leaseholds granted after January 1, 1994, and generally have an initial term of ten years, which may be extended for an additional two years if during the initial term such leasehold is "improved" by the commencement of drilling activities thereupon. Aggregate rentals paid by the Company during the years ended March 31, 2005 and 2004 for all oil and gas properties leased by it were approximately zero and zero, respectively. The Company retains the right to reacquire the lease if the purchaser fails to make rental payments due to the BLM on leases sold to unrelated third-parties by the Company.

Geological Information Services

The Company, through its wholly-owned subsidiary, PIC, provides a variety of geologic lease evaluation services. PIC makes available to subscribers monthly reports containing information which evaluates leases offered in the Leasing Programs. Such information includes comprehensive geologic data, recommendations and reports with respect to leaseholds offered in the Leasing Programs, including PIC's evaluation of the production prospects of such leaseholds and, frequently, an estimated resale value for such leaseholds, the names of selected participants, results of auction sales and drawings, and other information. In addition to such monthly reports, PIC also sells information with respect to individual oil and gas properties throughout the Rocky Mountain area.

The geologic and other information which PIC makes available through its reporting services is obtained from different sources, including PIC's internal files which contain well and land oil and gas exploration data on a historical basis in the nine-state area comprising the Rocky Mountain region. Such data is interpreted and summarized by PIC's part-time in-house geologists and landmen. The information which PIC makes available for sell to subscribers is also used internally to determine which parcels of land the Company would be interested in make competitive offers on.

PIC, through a wholly-owned subsidiary, also provides oil and gas mapping services with respect to properties located throughout the Rocky Mountain region. PIC prepares base survey and geologic maps on various scales, reflecting significant oil and gas well drilling activity in a particular area.

During the Company's two fiscal years ended March 31, 2005 and 2004, revenues contributed to the Company's consolidated revenues by PIC were approximately $4,800 and $5,400, respectively. The decrease in revenue contributed by PIC for such fiscal periods, as compared to prior fiscal years, reflects the depth of the downturn in the domestic oil and gas industry. Should higher oil prices hold for several years it is possible that PIC could again produce higher revenues for the consolidated business of the Company. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations")

Overriding Royalty Interests

The Company retains a royalty interest, ranging from 1% to 6% in substantially all leaseholds which it has resold. The Company receives substantial all its current earnings from retained royalty interests in resold leaseholds. Since the upturn in the oil and gas prices worldwide, the Company has seen an increase in its revenues for its royalty interests and forecast increased income in the future from third-party leasehold developed since 1995. The majority of the leases acquired by the Company are leaseholds granted by the BLM subject to a 12-1/2% gross royalty interest in favor of the federal government's BLM.

Competition

The Company experiences substantial competition in its business of buying and selling oil and gas leaseholds. The

Company's competitors include oil companies, as well as numerous independent operators, many of whom have substantially greater resources than the Company and its affiliates. The Leasing Programs, and in particular, the feature which requires advance deposit of annual lease rentals at the time of applying for such leases, has the effect of favoring companies with financial resources greater than the Company's and its affiliates'.

7

Research and Development of the Biofuels Technology

Fundamentally, the Company has three principal businesses. They are its traditional oil and gas lease and information activities, its royalty holdings and its investment over 20 years in Research and Development ("R&D") on its Biofuels Project. The Company continues to research and develop its biofuels technologies (the "Biofuels Technology") for the recycle of ordinary municipal solid waste, garbage, trash, paper and plastic material streams ("Municipal Waste") into recycled saleable products and the recovery of cellulosic materials ("Celmat") believed by the Company to be convertible into electric power and ethanol transportation fuel.

The Company's former Biofuels Research Center provided the Company with sufficient data to design and construct an 8-Module design for a Biofuels Project for the 100% recycle solution to the disposal of Municipal Waste. The 8-Module proprietary design package data is available to entities expressing a written desire to invest funds in a Biofuels Project. Written materials include flow sheets, mass and energy balance, vendor equipment suppliers, construction design, operating plans, insurance guarantees and qualification of the selected construction contractors.

A Biofuels Project, fundamentally, is only an engineering concept where the Company is contemplating the construction retrofit of an existing industrial Municipal Waste plant complex utilizing the Company's Biofuels Technology to manufacture electricity, ethanol transportation fuel and other saleable products derived and harvested from the contents of Municipal Waste.

The Company is pursuing financing ideas through its wholly-owned subsidiaries. Final engineering plans and final financial arrangements with unrelated third-parties for financing and engineering contracts on a Biofuels Project were not finalized or completed as of June 28, 2005.

Government Regulations

The Company's business is subject to extensive federal, state and local regulation. Management believes that the Company operations are in material compliance with applicable laws, but is unable to predict what additional government regulations, if any, affecting the Company's business, may be enacted in the future; how existing or future laws and regulations might be interpreted; or whether the Company will be able to comply with such laws and regulations either in the markets in which it presently conducts business or wishes to commence business.

There can be no assurance that either the states or the federal government would not impose additional regulations upon the Company's activities which might adversely affect the Company's business.

Insurance

The Company does not currently have in force general liability insurance coverage but does have renters liability coverage on its headquarters office space. There can be no assurance the coverage limits of the Company's policy would be adequate, or that the Company can obtain liability insurance in the future on acceptable terms, or at all.

Environmental Matters

The Company is not aware of any pending or threatened claim, investigation, or enforcement action regarding environmental issues which if determined adversely to the Company, would have an adverse effect upon the capital expenditures, earnings, or competitive position of the Company.

Employees

As of June 28, 2005, the Company had three employees, including two executive officers and one part time employee. In addition, the Company's practice in connection with the Leasing Programs is to contract with geologists and landmen to assist the Company in the preparation of geologic information reports, etc. as needed. None of the Company's employees are represented by a union or subject to a collective bargaining agreement and the Company has never experienced a work stoppage. The Company believes its employee relations to be good.

Item 2. PROPERTIES

Headquarters

The Company's executive offices are located in a 2,500 square foot building. The premises are on a month to month payment from a non-affiliated party, at an annual rental of approximately $18,000 per year. Management is of the opinion that such cost is comparable to or below normal rates in the area and believes that such facilities are adequate for the Company needs in the proximate future.

Oil and Gas Leaseholds

The location and gross and net acreage of the Company's inventory of oil and gas leaseholds at March 31, 2005 was approximately as follows:

Location	Gross Acres	Net Acres

Utah	3,465	2,207
Wyoming	1,243	1,243
Total	4,708	3,450

A gross acre consists of 100% of the working interest. A net acre is calculated by gross acres multiplied by the percentage of working interest owned.

Item 3. LEGAL PROCEEDINGS

NONE

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

No matters were submitted to the Company's shareholders for a vote during the fiscal year ended March 31, 2005.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

Price Range of Common Stock

The Company's shares of Common Stock are traded on the over the counter Bulletin Board ("OTCBB") electronic quotation service, operated by The Bulletin Board, Inc., an affiliate of The Nasdaq Stock Market, Inc. The following table sets forth the high and low bid quotations of the Company's common stock for the periods indicated, as reported by the OTCBB. The quotations set forth below represent prices between dealers and do not include retail markups, markdowns or commissions and may not represent actual transactions.

	Bid Price High	Bid Price Low
Fiscal Year 2004		
First Quarter	$ 0.02	$ 0.01
Second Quarter	0.11	0.02
Third Quarter	0.05	0.01
Fourth Quarter	0.04	0.02
Fiscal Year 2005		
First Quarter	$ 0.03	$ 0.02
Second Quarter	0.05	0.02
Third Quarter	0.03	0.01
Fourth Quarter	0.03	0.01
Fiscal Year 2006		
First Quarter .... (through June 28, 2005)	$ 0.03	$ 0.09

Approximate Number of Equity Security Holders:

Title of Class	holders as of June 28, 2005
Common Stock, par value $0.01 per share:	1,500
Preferred Stock, par value $0.01 per share:	None Issued

As of June 28, 2005, there were 150,036,974 shares of common stock outstanding and approximately 1,500 stockholders of record. The number of stockholders of record does not include an indeterminate number of stockholders whose shares are held by brokers and fiduciary depositories in "street name". Management believes there are in excess of 3,000 beneficial stockholders of the Company's common stock, including fiduciary depository firms.

Dividends

The Company has neither declared nor paid any dividends on its Common Stock since the inception of the Company, and the Board of Directors does not contemplate the payment of dividends in the foreseeable future. Any decision as to the future payment of dividends will depend on the earnings and financial position of the Company and such other factors as the Board of Directors may deem relevant. It is the present intention of management to utilize all available funds for the development of the Company's business.

Shares Issued in Unregistered Transactions

The Company issued common stock in unregistered transactions from 2002 through 2005. All common stock issued was issued in non registered transactions in reliance on Section 4(2)of the Securities Act of 1933, as amended (the "Securities Act"). The shares issued in 2005 were issued pursuant to Rule 504 of Regulation D promulgated under the Securities Act of 1933, as amended. The shares of common sock issued were as follows:

Fiscal Year 2004

There were no common shares issued in 2004.

Fiscal Year 2005

On December 17, 2004, James R. Jones bought 100,000 newly issued shares of the Company's common stock at $0.01 per share in exchange for $1,000 cash. These share are to be held for investment purposes.

On February 10, 2005, Trachyte agreed to accept 29,000,000 newly issued shares of the Company's common stock in exchange for $290,000 of partial debt settlement of cash loans to the Company through February 9, 2005 and to accept a replacement note for the balance owed to Trachyte in the amount of $10,258 with interest at 12% per annum dated February 10, 2005. The shares were issued at $0.01 per share, which was the closing market bid price on February 9, 2005. The shares are required to be held for at least two years for investment purposes.

On March 1, 2005 the Company entered into a Heads of Agreement ("HOA") with Trachyte to purchase approximately 75 acres of land owned by Trachyte for $375,000 to be paid for in common shares at $0.01 per share totalling 37,000,000 shares. The Company intends to use the land to construct a Biofuels Project. (See Managements Discussion).

On March 4, 2005, Marc C. Wallace bought 100,000 newly issued shares of the Company's common stock at $0.01 per share in exchange for $1,000 cash. These share are to be held for investment purposes.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The Company's principal business is, and historically has been, the acquisition of unproven oil and gas leaseholds, primarily with the intent of reselling such leaseholds to third-parties. Historically, the Company has acquired primarily federal oil and gas leaseholds through the BLM leasing program. The Company also obtains leases through purchases in competitive bidding programs offered by various state agencies, principally the States of Utah and Wyoming.

Fundamentally, the Company has three principal businesses. They are its traditional oil and gas lease activities, its royalty holdings and its Biofuels Project.

During the 2005 fiscal period, the Company continues to research and develop its biofuels technologies for the recycle of ordinary MSW, garbage, trash, paper and plastic material streams into recycled saleable products and the recovery of celmat materials believed by the Company to be convertible into electric power and ethanol transportation fuel.

As a result of its R&D efforts management believes that the

Company has developed what appears to be a commercial application of the Biofuels Technology for the future recovery of inorganic materials and Celmat from the recycle of Municipal Waste ("Biofuels Project"). A Biofuels Project would be located in the Northeast U.S. where Municipal Waste landfills and transfer stations charge the highest dump rates ("Tip Fee") in the U.S. for the disposal of Municipal Waste.

There can be no assurance that the required capital will be available to construct a Biofuels Project and there can be no assurance that the Biofuels Technology will perform on a commercial basis. The Company's future operating results will depend on its ability to obtain adequate financing to construct a Biofuels Project. Expenses incurred for a Biofuels Project would be accounted for under line item "Biofuel Project Costs".

Results of Operations

The Company realized revenues of approximately $76,100 for the fiscal year ended March 31, 2005, compared with approximately $102,400 for the corresponding period ended March 31, 2004. Cash requirements during the period were obtained from a combination of internally generated cash flow from operations, loans, asset sales, and the sale of Rule 144 investment stock to private individuals.

Revenues from the sale of the Company's oil and gas lease services were approximately $4,800 for the fiscal period ended March 31, 2005, compared with approximately $5,400 for the corresponding period ended March 31, 2004. Recent world crude oil and natural gas price increases may stimulate domestic drilling activity which would, once again, create a need for the Company's geologic information services. Revenue from oil production was approximately $71,300 for the fiscal period ended March 31, 2005, compared to approximately $97,000 for the corresponding period ended March 31, 2004. Oil production revenues are up as a result of world crude oil and natural gas price fluctuations.

The Company incurred expenses related to its oil and gas activities were approximately $4,700 for the fiscal period ended March 31, 2005, compared to approximately $3,300 for the comparable period ended March 31, 2004. General and administrative expense for the fiscal month period ended March 31, 2005 were approximately $48,798, compared to approximately $104,000 for the comparable period ended March 31, 2004. These low figures reflect the Company's basic inactivity in its oil and gas sector.

During the previous two year period all of the Company's R&D costs were expensed under line item General and Administrative expense. During the 2005 fiscal period, the Company created a line item for R&D costs to better distinguish expenses between general and administrative expenses and the expenses related to its various biofuels plant projects. These costs are being accounted for under line item "Biofuel Project Costs" and were approximately $12,303 for the fiscal period ended March 31, 2005, compared to $12,049 for the comparable period ended March 31, 2004.

The Company's net loss for the 2005 fiscal period ended March 31, 2005 was approximately $48,800, compared to approximately $1,700 for comparable 2004 fiscal period and it expects to operate at a loss for the 2005 fiscal period, due to continued R&D costs incurred for a Biofuels Project, and costs related to its oil and gas business. Biofuel Project costs when appropriate will be accounted for under line item "Biofuel Project Costs". (See "Consolidated Financial Statements")

The Company does not expect to realize significant cash flows from its oil and gas activities during fiscal 2006, nor does it expect significant leasehold sales in the foreseeable future, as the domestic oil industry activity continues unchanged due to uncertain world crude oil and natural gas prices.

The Company has available at March 31, 2005, unused tax operating loss carry forward of approximately $2,002,000 that may be applied against future taxable income through 2025. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry forwards will expire unused. Accordingly, the potential tax benefits of the loss carry forwards are offset by a valuation account of the same amount.

Financial Condition

Management continues to explore additional financing alternatives for ongoing and future operations of the Company. There is no assurance that the efforts of management to locate and secure additional financing will be successful, and the failure to secure a Biofuels Project financing would substantially alter management's assumptions as herein presented. (See "Consolidated Financial Statements").

Revenue increased in the Company's overall oil and gas lease royalties are related to effects of the worldwide increase of crude oil prices.

The Company had limited participation in the Leasing Programs for the year ended March 31, 2005, except through its participation agreements with certain unrelated third parties on a limited basis. The Company presently has limited funds available to participate in the Leasing Programs. The Company's limited ability to participate in the BLM's leasing program and to obtain oil and gas leaseholds for resale due to a lack of funds could continue to effect its future operations.

The Company's most significant assets are its oil and gas production income, its oil and gas leaseholds held for resale, approximating 8,000 net acres at June 28, 2005, including leaseholds acquired under its unrelated third-party agreements and its plan for the full development of a Biofuels Project.

15

In order to continue in existence the Company is in need of additional financing from outside sources or from internal operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management can give no assurances that it will be successful in its endeavors to resolve its cash flow difficulties or that it will be able to retain and ultimately recover its costs in oil and gas leaseholds held for resale. The financial statements do not include any adjustments relating to the amounts and classification of assets, liabilities, income or expenses that might be necessary should the Company be unable to successfully resolve these uncertainties and continue in existence.

The Company foresees a need for additional equity financing in order to continue in existence, and may, in the future, seek to raise additional funds through asset sales, bank and/or other loans, debt, or equity offerings. Any such equity offerings, asset sales, or other financing may either be private or public and may result in substantial dilution to the then existing shareholders of the Company. Because of uncertainties existing in the domestic oil and gas industry and a Biofuels Project, the Company is not in a position to forecast future earnings or cash flow. The Company's future is very fluid and largely dependent on factors outside of its management's control.

For the fiscal period ended March 31, 2005, Dean W. Rowell, the President of the Company, continues to secure and guarantee loans for the Company: (1) He has guaranteed one credit card up to approximately $76,000 with an outstanding balance of approximately $76,000 at the end of the period, currently in default, and (2) he continues to loan the Company funds through his 100% owned privately-held Utah corporation, Trachyte with an outstanding loan balance of $7,497 for the period ended March 31, 2005. Expenses incurred under the use of the credit cards are being accounted for under line item "Revolving Line of Credit" and expenses incurred under the loan agreement are being accounted for under line item "Notes payable - Related party".

Since fiscal 1991, Trachyte has materially supported the Company financially largely due to Mr. Rowell's efforts to secure loans from Trachyte for the Company and contribute the value of an assumed salary of $50,000 per year to additional paid in capital. The several transactions with Trachyte have provided the financial means for the Company to pursue its R&D of the Biofuels Technology and the commercialization of a Biofuels Project. Without such additional contributions by Mr. Rowell the Company would have been unable to pursue these goals. Final plans and final financial arrangements had not been completed for a Biofuels Project at June 28, 2005.

16

On March 1, 2005 the Company entered into a HOA with

Trachyte to purchase approximately 75 acres of land owned by Trachyte, reserving to Trachyte all mineral rights. Trachyte under the agreement would sell the acreage to the Company for $375,000 representing approximately $5,000 per acre. The acreage would allow the Company to move forward on its Green River Utah Ethanol and Power Plant Project. The land is suitable for a power plant, due to its location on the banks of the Green River, one mile downstream from the town of Green River, Utah. It also has potential rail and truck access to accept incoming natural gas and lignin as feedstocks. Under the HOA Trachyte has 120 days to record title in the Emery County Recorders office and upon document recording the Company will issue 37,500,000 shares of the Company's newly issued shares based on the purchase amount of $0.01 per share. These shares are to be held for at least a two year investment period and were unissued as of June 28, 2005.

Plan of Operation

There have been no significant changes in capitalization or financial status during the past two years that are not reflected in the financial statements. The Company's plan of operation during the next twelve (12) months includes the following:

1. Pursue financing for a Biofuels Project.

2. Continue R&D, testing Municipal Waste processing equipment and testing existing and newly developed cellulose enzymes.

3. Continue the design and development of a Biofuels Project into three businesses -- Municipal Waste recycle, ethanol fuel production and electric power generation.

4. Pursue oil and gas lease acquisition with third party investors and investigate the possibility of entering into the wholesale electric power generation business.

5. Continue to receive royalty payments through

its overriding royalty interests.

Inflation

Inflation continues to apply moderate upward pressure on the cost of goods and services including those purchased by the Company. Management believes the net effect of inflation on operations has been minimal during the past two years.

17

Recent Accounting Pronouncements

The recent accounting pronouncements adopted by the Company are referred to as Note 9 of the Financial Statements.

Off-Balance Sheet Arrangements

The only off-balance sheet arrangement pending is an agreement entered into on March 1, 2005, by the Company whereby, the Company entered into a HOA with Trachyte to purchase approximately 75 acres of land owned by Trachyte for $375,000 to be paid for in common shares at $0.01 per share totalling 37,000,000 shares. The Company intends to use the land to construct a Biofuels Project. (See Managements Discussion).

Management's Conflicts of Interest

Material conflicts of interest exist and will continue to exist between the Company, Trachyte, and Mr. Rowell, who is also the President of Trachyte, a privately-held Utah corporation, whose current major activities are the exploration and production of oil and gas resources. The Company's policy is to offer any new oil and gas property purchase first to the Company and then to Trachyte if the Company is unable to accept the financial obligation of any transaction. At June 28, 2005, Mr. Rowell beneficially owned approximately 56% of the common stock of the Company and 100% of the common stock of Trachyte.

Mr. Rowell owes a duty of due care and fair dealing to both the Company and Trachyte and the resolution of duties and conflicts in favor of one company over the other may impair his duties to each company. It is likely that any conflict of interest between the Company and Trachyte requiring a determination may have to be settled in favor of the Company to the detriment of Trachyte, as well as to the detriment of the current and future shareholders of Trachyte.

Item 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is submitted as a separate section at the rear of this Form 10-KSB report.

Item 8. CONTROL AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of Management, as of a date within 90 days of the filing date of this Annual Report on Form 10-KSB, the Company's principal executive officer and principal financial officer have concluded that the Company disclosures controls and procedures (as defined in Rule 13a-14(c) and 25d-14(c) and 15d-14(c) under the Securities Act of 1934, are effective to ensure the information required to be disclosed in reports that the Company file or submit under the Exchange Act is recorded, processed, summarized and reported within the time specified in SEC rules and forms.

(b) Changes in Internal Controls

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken. However, the design of any system of controls is based on part upon certain assumptions about the likelihood of future events and there is no certainty that any design will succeed in achieving its stated goal under all potential future considerations, regardless of how remote.

PART III

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Identification of Directors and Executive Officers

The current directors and executive officers of the Company, who will serve until the next annual meeting of shareholders or until their successors are elected or appointed and qualified, are set forth below:

Name	Age	Position
Dean W. Rowell	67	CEO/President/Chairman
Pamela K. Nelson	47	Vice President/Secretary
Michael M. Cannon	57	Director

19

Dean W. Rowell has been Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer of the Company since its inception in April 1978 and was last elected by shareholders in 1996. Mr. Rowell has been involved in the oil and gas exploration and production industries for over 40 years. Prior to serving in his present capacities with the Company, he served as the president of a number of privately-held energy related companies. Mr. Rowell is also a director and President of the Company's wholly-owned subsidiaries, PIC, EnviroSystems and Biofuels. Mr. Rowell devotes approximately 90% of his time to the Company.

Pamela K. Nelson was last elected in 1996 and has been a Director of the Company since September 1978 and became a Vice President of the Company in 1979 and Corporate Secretary in 1983. Ms. Nelson has been involved in landwork and leasing services to the oil and gas industry for the last 29 years. Ms. Nelson is also a director, Vice President, Corporate Secretary and Manager of land and lease operations for the Company's wholly-owned subsidiary, PIC. She is a director, Vice President, Corporate Secretary of EnviroSystems, and Biofuels, all wholly-owned subsidiaries of the Company. She devotes all of her paid time to the Company.

Michael M. Cannon, a cum laude graduate of the University of

Utah, joined the Company in March 1982 and in September 1982 became a Vice President and Director, with responsibility for marketing and corporate communications. From January 1979 to March 1982, Mr. Cannon was President of an advertising and public relations agency, Cannon Communications, a substantial number of whose clients were members of the United States House of Representatives and the Senate. From November 1976 to January 1979, Mr. Cannon served as the press secretary for Gunn McKay, a United States Representative from the State of Utah. In 1985 Mr. Cannon served as a state director of the Independent Petroleum Association of Mountain States and was. Mr. Cannon is presently self-employed as a consultant in the Communications industry. Mr. Cannon resigned as an Officer of the Company, effective July 1, 1985, but remains as an outside Director being last elected in 1996, Mr. Cannon has been associated with the Company for over 15-years, and is a director of the Company's wholly-owned subsidiaries, PIC, and EnviroSystems.

Each Director shall hold office until the next annual meeting of shareholders or until his successor shall have been duly elected and qualified. Officers are elected annually by, and serve at the pleasure of, the Board of Directors.

Significant Employees

None

20

Family Relationships

There are no family relationships among the Company's officers and directors.

Other Involvement in Certain Legal Proceedings

There have been no events under the bankruptcy act, no criminal proceedings and no judgements or injunctions material to the evaluation of the ability and integrity of any executive officer of the Company in last five years.

Administration Action

None

Compliance With Section 16(a)

Section 16 of the Securities Act of 1934 requires the filing of reports for sales of the Company's common stock made by officers, directors and 10% or greater shareholders. A Form 3, and Form 4 must be filed within two days after the sale or purchase transaction. Based upon the review of Form 4, Form 3, and/or Form 5 filed with the Company, the Company is not aware of any delinquent filings of such forms by any reporting person.

Code of Ethics

The Company has not adopted a formal ethics policy for the Company's chief executive officer or senior financial officers, due to the Company's status as a Bulletin Board company with few management personnel. The Company believes its Board can successfully oversee and manage its existing officers and employees. However, the Company believes an ethics policy is important and intend to consider adopting such a policy in the future.

Audit Committee Financial Expert

The Board of Directors have determined that the company does not require an audit committee financial expert serving on an audit committee, due to its status as a Bulletin Board company with few management personnel.

21

Item 10. EXECUTIVE COMPENSATION

The following table sets forth the aggregate compensation paid by the Company for services rendered during the last three years to the Company's Chief Executive Officer and to the Company's most highly compensated executive officers other than the CEO, whose annual salary and bonus exceeded $100,000:

Summary of Annual Compensation Table

Name of Principal Position	Year	Salary	Commissions & Bonuses	Other Annual Compensation Awards (Auto)	Restricted Stock Awards	Option Awards
Dean W. Rowell	2005	$50,000(1)	-0-	$4,000	-0-	-0-
President/CEO	2004	$50,000(1)	-0-	$4,000	-0-	-0-
	2003	$44,000(1)	-0-	$4,000	-0-	-0-

(1) Represents the value of Mr. Rowell's contributed services.

None of the Company's executive officers received aggregate cash and cash equivalent compensation exceeding $100,000 in any of the last three fiscal years. No options to purchase any of the Company's securities were granted to any reporting person during the fiscal year ended March 31, 2005. During the same period, Rowell elected to sell stock in the Company due to limited corporate cash flow to partially compensate Rowell in absence of a salary.

Compensation Pursuant to Plans

None of the executive officers of the Company are parties to an employment agreement with the Company. Dean W. Rowell, the Company's Chairman of the Board, President, Chief Executive and Chief Financial Officer will continue to serve the Company as determined by the Board of Directors without a salary or employment agreement. On April 1, 1997, the Company discontinued the practice of providing Rowell a credit card but continues to provide Rowell with an automobile at a cost of approximately $4,000 per year.

The Company has no other "plans" (as such term is used in Item 402 of Regulation S-K) with respect to further executive compensation.

Other Compensation

Not applicable.

Compensation of Directors

Directors of the Company receive no compensation for services as such.

Termination of Employment and Change of Control Arrangements

Not applicable.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares beneficially owned, as of June 28, 2005, by each Director of the Company, by all officers and Directors as a group and by all persons known to the Company as owning or possessing voting control over five (5%) percent or more of the Company's outstanding shares of Common Stock:

Name and Address	Number of Shares Owned	Percentage of Shares Outstanding
Dean W. Rowell (1)	83,467,113	56.0%
Pamela K. Nelson	13,708,100	9.0%
Michael M. Cannon	13,000	.0%
All Officers and Directors as a group	97,188,213	65.0%

(1) This figure includes all of the shares owned by Trachyte.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Management and Others

Geologic and other information which PIC has or develops is available to Rowell as an officer of the Company, and he may use such information for the benefit of the Company in determining which leases to buy or sell. Such information is also available to Rowell, without cost, in connection with Rowell's participation in the Leasing Programs.

During the twelve year period since fiscal 1991, Trachyte has helped financially support the Company largely due to Rowell's efforts to secure loans from Trachyte for the Company during periodic cash flow difficulties. During such periods, the several transactions with Trachyte have provided the financial means for the Company to pursue commercialization of a Biofuels Project, otherwise the Company would have been unable to pursue this goal. Final plans and final financial arrangements had not been completed for a Biofuels Project as of June 28, 2005.

During the fiscal period ended March 31, 2005, the Company continued to experience severe cash flow difficulties which have continued into the 2006 fiscal period. Since the Company has been unable to repay any of the loans from Trachyte during the past two fiscal periods, Trachyte has received a demand note from the Company, including interest at 12% per annum, with a principal and interest balance at March 31, 2005 of approximately $7,497.

On July 15, 1996, the Company formed Biofuels, Inc. ("Biofuels"), a wholly-owned subsidiary, for the purpose of investing in and developing the Biofuels Technology for a Biofuels Project. This effort was centered on management's belief that a Celmat to ethanol technology could be commercialized, based on the Company's extensive experience at its former research center from 1982 through 1992, and its experience in developing a Biofuels Project.

Forward Looking Statements

The forgoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operation" contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Act, which reflect Managements current views with respect to the future events and financial performance. The Company cautions that words used in this document such as "experts", "anticipates", "believes" and "may" as well as similar words and expressions identify and refer to statements describing events that may or may not occur in the future, including among other things, statements relating to anticipated growth and increased profitability, as well as to statements relating to the Company's strategic plan, including plans to develop a Biofuels Project and to selectively acquire other companies. These forward-looking statements and the matters to which they refer to are subject to considerable risks and uncertainties that may cause actual results to be materially different from those described in this document, including, but not limited to future financial performance and future events, competitive pricing for services, costs of obtaining capital as well as national,

regional and local economic conditions. Actual results could differ materially from those addressed in the forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Form 10-KSB report.

Indebtedness of Management

Reference is made to Section above entitled "Transactions with Management and Others".

Parents of Company

The only parents of the Company, as defined in 12b-2 of the Exchange Act, are the officers and directors of the Company. For information regarding the share holdings of the Company's officers and directors, see Item 11.

PART IV

Item 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Exhibits to Form 10-KSB

Exhibits filed with this Report are incorporated by reference and set forth below:

Exhibit 30: Heads of Agreement between the Company and Trachyte Oil Company, dated March 1, 2005.

Exhibit 31: Entitled "Certificate of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002".

Exhibit 32: Entitled "Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002".

The financial statement information required by this portion of Item 13 is submitted as a separate section at the rear of this Report entitled "Independent Auditors' Report".

Reports on Form 8-K

There were no Form 8-K's filed by the Company during the fiscal year ended March 31, 2005.

25

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees - The aggregate fees billed by HJ & Associates for professional services rendered for the audit of the Company annual financial statements included in the Company Annual Report on Form 10-KSB for the fiscal years ended March 31, 2005 and March 31, 2004 and for the quarterly financial statements on Form 10-QSB were approximately $7,600 and $5,950, respectively. There were no other fees charged to the Company by HJ & Associates. In addition, the Company paid Weaver & Call, L.C. an Independent

CPA, approximately $3,000 for non-audit accounting services during the same period.

CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Exhibit "30"

TRACHYTE OIL COMPANY
P. O. Box 11206
Salt Lake City, Utah 84147-0206
(801) 364-9000

March 1, 2005

Standard Energy Corporation
Dean W. Rowell, President
447 Bearcat Drive
Salt Lake City, Utah 84115

Re: Heads of Agreement ("HOA")

Dear Mr. Rowell:

This letter is to be hereinafter considered as a Heads of Agreement ("HOA") from Trachyte Oil Company ("TOC") to Standard Energy Corporation ("STDE").

TOC agrees to sell to STDE a parcel of land located in T 21 S, R 16 E, Section 27, Lots 2, 3 and 7, Emery County, Utah containing 74.85 acres, more or less, reserving unto Assignor all mineral rights.

TOC agrees to sell the parcel of land to STDE for the purpose of STDE using the property to construct buildings and otherwise commercial develop the STDE Biofuels Technologies. TOC hereby agrees to sell said property to STDE for $375,000 for a period of 120 days. TOC further agrees to exchange said $375,000 for common stock in STDE at the closing market bid price on February 28, 2005 of $0.01 per share, provided TOC receives and executes the appropriate documents to hold the stock for investment purposes.

Additionally, STDE agrees to exchange the common stock of STDE to TOC at $0.01 per share payable upon execution and the recording of the Quit Claim Deed to STDE and recorded in the Emery County Recorders office within the 120 day time frame.

This HOA is the only contract between said parties and will remain in force for said 120 day period.

Respectfully submitted,	Accepted by:
TRACHYTE OIL COMPANY	STANDARD ENERGY CORPORATION
By:/s/ Dean W. Rowell	By:/s/Dean W. Rowell
Dean W. Rowell, President	Dean W. Rowell, President

27

Exhibit "31"

Item 7. CERTIFICATE OF CHIEF EXECUTIVE AND CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dean W. Rowell, certify that:

1. I have reviewed this annual report on Form 10KSB of Standard Energy Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 Annual 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 the Company have;

(a) designed such disclosure controls and procedures to ensure hat 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 this annual report is being prepared;

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

(c) presented in this annual report the Company conclusions about the effectiveness of the disclosure controls and procedures based on the Company evaluation as of the Evaluation Date;

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

28

(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 weaknesses in internal controls; and

(b) any fraud, whether or not material, that involved 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 annual 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 the Company's most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

SIGNATURE

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.

STANDARD ENERGY CORPORATION

By: /s/ Dean W. Rowell

Dean W. Rowell
President

June 28, 2005
Salt Lake City, Utah

29

EXHIBIT "32"

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

In connection with the Annual Report of Standard Energy (the "Company") on Form 10-KSB for the period ending March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dean W. Rowell, Chief Executive Officer (Chief Financial Officer) of the Company, certify, pursuant to 18 U.S.C. subsection 1350, as adopted pursuant to subsection 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(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/Dean W. Rowell
Dean W. Rowell
Chief Executive Officer (Chief Financial Officer)

Date: June 28, 2005

30

SIGNATURE PAGE

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.

STANDARD ENERGY CORPORATION

By: /s/ Dean W. Rowell
Dean W. Rowell
President

June 28, 2005
Salt Lake City, Utah

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:

Signature	Capacity	Date
/s/ Dean W. Rowell Dean W. Rowell	President and Director (Principal Executive, Financial and Accounting Officer)	June 28, 2005
/s/ Pamela K. Nelson Pamela K. Nelson	Vice President Corporate Secretary, Treasurer and Director	June 28, 2005
/s/ Michael M. Cannon Michael M. Cannon	Director	June 28, 2005

31

STANDARD ENERGY CORPORATION
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

32

C O N T E N T S

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Standard Energy Corporation and Subsidiaries
Salt Lake City, Utah

We have audited the accompanying consolidated balance sheet of Standard Energy Corporation and Subsidiaries as of March 31, 2005, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended March 31, 2005 and 2004. 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 audits.

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 audits 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 consolidated 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 Standard Energy Corporation and Subsidiaries as of March 31, 2005, and the results of their operations and their cash flows for the years ended March 31, 2005 and 2004, in conformity with United States generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 the Company has generated significant losses from operations, has an accumulated deficit of $9,462,940 and has a working capital deficit of $114,226, which together raises substantial doubt about its ability to continue as a going concern. Management s plans with regard to these matters are also described in Note 6. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HJ & Associates, LLC
Salt Lake City, Utah
June 21, 2005

34

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheet

ASSETS

	March 31, 2005
CURRENT ASSETS	
Cash	$ 6,592
Total Current Assets	6,592
PROPERTY AND EQUIPMENT, net (Note 2)	8,572
OTHER ASSETS	
Cash surrender value life insurance	8,807

Oil and gas leases held for resale (Note 3)		42,043
Pledged drilling bonds (Note 3)		25,000
Total Other Assets		75,850
TOTAL ASSETS	$	91,014

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable and accrued expenses	$	33,945
Revolving line of credit (Note 11)		75,664
Note payable current portion (Note 10)		3,712
Note payable - related party (Note 5)		7,497
Total Current Liabilities		120,818

LONG TERM DEBT

Note payable (Note 10)		4,947
Total Long Term Debt		4,947
Total Liabilities	$	125,765

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

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheet (Continued)

COMMITMENTS AND CONTINGENCIES (Note 4)

STOCKHOLDERS EQUITY (DEFICIT)

Preferred stock, par value $0.01 per share: 10,000,000 shares authorized, no shares issued and outstanding	$	0
Common stock, par value $0.01 per share: 200,000,000 shares authorized, 150,036,974 shares issued and outstanding		1,500,369
Additional paid-in capital		8,011,073
Treasury stock		(83,253)
Accumulated deficit		(9,462,940)
Total Stockholders' Equity (Deficit)		(34,751)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	91,014

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

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statement of Operations

	For the Years Ended March 31, 2005	2004
REVENUES		
Oil and gas services	$ 4,800	$ 5,400
Oil and gas lease royalties	71,347	97,030
Total Revenues	76,147	102,430
EXPENSES		
Oil and gas activities (See Note 8)	4,745	3,271
Depreciation, depletion/amortization	3,660	3,660
Biofuel project costs	12,303	12,049
General and administrative	87,995	84,696
Total Expenses	108,703	103,676
OPERATING LOSS	(32,556)	(1,246)
OTHER INCOME (EXPENSE)		
Gain on Leasehold held for resale	0	0
Interest and other income	7,230	31,136
Interest expense	(31,303)	(31,624)

Total Other Income (Expense)	(24,073)	(488)
NET LOSS	$ (56,629)	$ (1,734)
BASIC LOSS PER SHARE	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	124,756,974	120,836,974

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

37

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity (Deficit)
For the Years Ended March 31, 2005 and 2004

	Treasury Stock Shares	Treasury Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit
Balance, March 31, 2003	1,037,420	(83,253)	120,836,369	1,208,369	7,911,073	(9,404,577)
Contributed capital for services rendered by an officer	0	0	0	0	50,000	0
Net loss for the year ended March 31, 2004	0	0	0	0	0	(1,734)
Balance, March 31, 2004	1,037,420	$ (83,253)	120,836,974	$ 1,208,369	$ 7,961,073	$ (9,406,311)
Common Stock issued for cash at $0.01, per share	0	0	200,000	2,000	0	0
Common stock issued for extinguishment of debt at $0.01, per share	0	0	29,000,000	290,000	0	0
Contributed capital for services rendered by an officer	0	0	0			

0 50,000 0

Net loss for the year ended March 31, 2005 0 0 0 0 0 (56,629)

Balance, March 31, 2005 1,037,420 $ (83,253) 150,036,974 $ 1,500,369 $ 8,011,073 $ (9,462,940)

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

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statement of Cash Flows

	For the Years Ended March 31, 2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (56,629)	$ (1,734)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation, depletion and amortization	3,660	3,660
Contributed capital for services rendered by an officer	50,000	50,000
Changes in assets and liabilities:		
Increase in accounts payable and accrued expenses	0	(21,276)
Increase in deferred lease income	0	(942)
Net Cash Used by Operating Activities	(2,969)	29,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash value life insurance	(7,999)	4,893
Net Cash Provided (Used) by Investing Activities	(7,999)	4,893
CASH FLOWS FROM FINANCING ACTIVITIES		
Common Stock issued for cash	2,000	0
Payments on notes payable - related parties	(47,387)	(42,400)
Proceeds from notes payable - related parties	72,892	23,500
Net change to lines of credit	(10,862)	(15,657)
Net Cash Provided (Used) by Financing Activities	16,643	(34,557)
NET INCREASE (DECREASE) IN CASH	5,675	44
CASH AT BEGINNING OF YEAR	917	873
CASH AT END OF YEAR	$ 6,592	$ 917

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

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statement of Cash Flows (Continued)

	For the Years Ended March 31, 2005	2004
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID FOR:		
Interest	$ 1,951	$ 0
Income taxes	$ 0	$ 0
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Vehicle acquired through note payable	$ 0	$ 0
Common stock issued for payment on note payable and accrued interest related party	$ 290,000	$ 0
Contributed capital for services rendered by an officer	$ 50,000	$ 50,000
Common stock issued for services related party	$ 0	$ 0

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

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was organized under the laws of the State of Utah on April 3, 1978. The Company's principal business activity is the acquisition and resale of unproven oil and gas leaseholds. The Company also provides a variety of oil and gas leasehold services. Further, the Company receives royalty income from leasehold interests held by the Company. The Company has ongoing R&D efforts relating to its Biofuels Project.

Principles of Consolidation

The consolidated financial statements include the accounts of Standard Energy Corporation and its wholly-owned subsidiaries, Standard EnviroSystems, Inc., Petroleum Investment Company and Biofuels, Inc. "(collectively the Company)". Significant intercompany accounts and transactions have been eliminated in consolidation.

Oil and Gas Leasehold Interests Held for Resale

The Company's inventory of oil and gas leasehold interests held primarily for resale to other parties is valued at the lower of the costs to acquire the interests or market. Cost of sales is based on the cost of the specific leasehold interest sold.

Oil and Gas Activities

The Company recognizes its oil and gas activities as a line item.

Oil and Gas Overriding Royalties

The Company recognizes its oil and gas lease royalties as a line item.

Biofuels Project

The Company recognizes its Biofuels Project development as a line item.

Property and Equipment

Property and equipment are valued at cost and, are depreciated or amortized principally by the straight-line method over their estimated useful lives. The useful lives of property and equipment for purposes of financial reporting range from five to seven years.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely that not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of March 31, 2005 and 2004:

	2005	2004
Deferred tax assets		
NOL Carryover	$ (774,335)	$ (771,750)
Contribution Carryover	(4,311)	(4,311)
Total Deferred Tax Asset	0	0
Deferred tax liabilities:	0	0
Valuation allowance	778,666	776,061
Net deferred tax asset	$ 0	$ 0

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate of 39% to pretax income from continuing operations for the years ended March 31, 2005 and 2004 due to the following:

	2005	2004
Book income	$ (22,085)	$ (675)
Services	19,500	19,500
Other	2,585	12,293
NOL Utilization	0	(31,118)
Valuation allowance	0	0
	$ 0	$ 0

At March 31, 2005, the Company had net operating loss carryforwards of approximately $2,002,000 that may be offset against future taxable income from the year 2005 through 2025. No tax benefit has been reported in the March 31, 2005 consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Taxes (Continued)

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in the future.

Basic Loss Per Share

The computation of basic loss per share of common stock is based on the weighted average number of shares of common stock outstanding during the periods presented. Common stock equivalents have not been included because they are antidilutive in nature.

For the Year Ended March 31, 2005

Loss (Numerator)	Shares (Denominator)	Per Share Amount
$ (56,629)	124,756,974	$ (0.00)

For the Year Ended March 31, 2004

Loss (Numerator)	Shares (Denominator)	Per Share Amount
$ (1,734)	120,836,974	$ (0.00)

Cash Flows Statement

For purposes of statements of cash flows, the Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

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 results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment - at cost, less accumulated depreciation as of March 31, 2005:

Vehicle	$ 18,556
Computers	7,711
Furniture and fixtures	51,393
Printing systems	35,648
Well and land files and maps	305,000
Total	418,308
Less: accumulated depreciation	(409,736)
Total	$ 8,572

Depreciation expense for the years ended March 31, 2005 and 2004 was $3,660 and $3,660, respectively.

NOTE 3 - OIL AND GAS PROPERTIES

The Company's principal business is, and historically has been, the acquisition of unproven oil and gas leaseholds, primarily with the intent of reselling such leaseholds to third-parties. At March 31, 2005, the Company was holding of oil and gas leases for resale with a cost basis of $42,043.

The Company has negotiated agreements with certain non affiliates to provide capital to jointly participate in a leasing program for oil and gas leases. Under these agreements, the Company provides raw data and services to identify potential leases. The Company earns approximately 50% gross interest in each leasehold obtained. If a joint lease is sold the Company would receive 50% of the purchase price together with 50% of a negotiated royalty as part of a lease sale. Because the Company has no cost in the leases, its share of the net proceeds is recognized as revenue when the leases are sold and are recorded as sales of oil and gas leasehold interests.

In connection with its Oil and gas lease activities, the Company has included in other assets pledged certificates of deposit in the amount of $25,000 which are to secure a statewide oil and gas lease bond in the State of Utah.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Office Lease
The Company entered into a lease extension agreement for office space which commenced December 15, 2002 for a term of one year with monthly lease payments of $1,500 per month. The lease is currently on a month-to-month basis at $1,500 per month.

NOTE 5 - RELATED PARTY TRANSACTIONS

On February 10, 2005, Trachyte agreed to accept 29,000,000 newly issued shares of the Company's common stock in exchange for $290,000 of partial debt settlement of cash loans to the Company through February 9, 2005 and to accept a replacement note for the balance owed to Trachyte in the amount of $10,258 with interest at 12% per annum dated February 10, 2005. The shares were issued at $0.01 per share, which was the closing market bid price on February 9, 2005. The shares are required to be held for at least two years for investment purposes.

On March 1, 2005 the Company entered into a HOA with Trachyte to purchase approximately 75 acres of land owned by Trachyte for $375,000 to be paid for in common shares at $0.01 per share totalling 37,000,000 shares. The Company intends to use the land to construct a Biofuels Project. (See Managements Discussion).

During the years ended March 31, 2005 and 2004, an officer of the Company contributed services valued at $50,000 and $50,000, respectively, which is recorded as an increase in additional paid-in capital.

NOTE 6 - GOING CONCERN

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses in the past which have resulted in working capital and accumulated deficits. These deficits have significantly reduced revenues from sales of its oil and gas activities. Because of the currently changing conditions in the oil and gas industry, coupled with the Company's cash flow difficulties, the Company's ability to retain and ultimately recover its investments in oil and gas leaseholds held for resale and other assets of the Company, is uncertain at this time. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are to seek additional financing through loans or through the issuance of equity securities and to seek increased sales related to its oil and gas businesses. However, management can give no assurance that it will be successful in its endeavor to resolve its cash flow difficulties or that it will be able to retain and ultimately recover its cost in oil and gas leaseholds held for resale and the other assets of the Company. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities, income or expenses that might be necessary should the Company be unable to continue as a going concern.

45

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
March 31, 2005 and 2004

NOTE 7 - CAPITAL STOCK

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock, $0.01 par value with such rights, preferences and designations and to be issued in such series as determined by the Board of Directors. No shares are issued and outstanding at March 31, 2005.

NOTE 8 - INDUSTRY SEGMENTS

The Company operates in three principal industries: oil and gas activities, royalty holdings and Biofuel Projects:

Information as to the Company's segments is summarized below as of March 31 for the years then ended:

	2005	2004
Revenues		
Oil and gas services	$ 4,800	$ 5,400
Oil and gas lease royalties	71,347	97,030
	$ 76,147	$ 102,430
Operating Loss		
Oil and gas services	$ 55	$ 2,014
Oil and gas royalties	71,347	97,030
Biofuel project costs	(12,303)	(12,049)
Corporation and investment	(91,655)	(88,241)
	$ (32,556)	$ (1,246)
Identifiable Assets		
Oil and gas leases held for resale	$ 42,043	$ 42,043
Pledged drilling bonds	25,000	25,000
Corporation and investment	23,971	13,957
	$ 91,014	$ 81,000
Depreciation, Depletion and Amortization		
Corporation and investment	$ 3,660	$ 3,660

The Company has no intersegment sales or sales to affiliated customers. Operating loss consists of total revenues less total expenses, except for interest expense which has not been allocated to any segment. Identifiable assets by segment represent those assets that are used in the Company's operations in each industry. Corporate assets which are not allocated to any segment are principally cash, short-term investments, marketable securities and a portion of property and equipment. Capital expenditures in fiscal 2005 and 2004 were insignificant. The Company's oil and gas activity operations are presently insignificant and no reserve information is available. The Biofuel Project costs are shown on line item Biofuel Project Costs. In the fiscal period ended March 31, 2005 there were $12,303 in Biofuel Project costs and $12,049 for the comparable period ended March 31, 2004.

46

STANDARD ENERGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
March 31, 2005 and 2004

NOTE 9 - New Accounting Pronouncements

New Accounting Pronouncements
On December 16, 2004 the FASB issued SFAS No. 123(R), Share-Based Payment, which is an amendment to SFAS No. 123, Accounting for Stock-Based Compensation. This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("ABP") Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires such transactions to be accounted for using a fair-value-based method and the resulting cost recognized in our financial statements. This new standard is effective for awards that are granted, modified or settled in cash in interim and annual periods beginning after June 15, 2005. In addition, this new standard will apply to unvested options granted prior to the effective date. We will adopt this new standard effective for the fourth fiscal quarter of 2005, and have not yet determined what impact this standard will have on our financial position or results of operations.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs - an amendment of ARB No. 43, Chapter 4. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.
In December 2004, the FASB issued SFAS No. 152, Accounting for Real Estate Time-sharing Transactions, which amends FASB statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This statement also amends FASB

Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing

NOTE 9 - New Accounting Pronouncements (Continued)

transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.
In December 2004, the FASB issued SFAS No.153, Exchange of Nonmonetary Assets. This Statement addresses the measurement of exchanges of nonmonetary assets. The guidance in ABP Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetrary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

The implementation of the provisions of these pronouncements are not expected to have a significant effect on the Company's consolidated financial statement presentation.

March 31, 2005 and 2004

NOTE 10 - NOTE PAYABLE

Note payable to vehicle financing agency, bearing no interest, monthly payments of $309, secured by vehicle	$	8,659
Less current portion		(3,712)
Long Term portion	$	4,947

Future maturities of long term debt are as follows:

For the year ended March 31,		
2006	$	3,712
2007		3,712
2008		1,235
Total	$	8,659

NOTE 11 - REVOLVING LINE OF CREDIT

Unsecured credit card due to Wells Fargo Bank, currently in default, bearing interest at 12.5%.	$	75,664
	$	75,664