Enservco Corp
Form 10-Q
November 13, 2012

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

MARK ONE

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

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 0-9494

ENSERVCO CORPORATION

(Exact Name of registrant as Specified in its Charter)

Delaware	84-0811316
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
501 South Cherry St., Ste. 320 Denver, CO	80246
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: **(303) 333-3678**

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 Enservco was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a 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 ¨ No x

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at November 1, 2012
Common stock, $.005 par value	21,778,866

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 457,639	$ 417,005
Accounts receivable, net	3,764,216	4,505,254
Marketable securities	-	150,793
Prepaid expenses and other current assets	1,295,944	593,291
Inventories	515,278	549,432
Deferred tax asset	19,029	187,170
Total current assets	6,052,106	6,402,945
Property and Equipment, net	14,943,507	15,171,870
Non-Competition Agreements, net	45,000	180,000
Deferred income taxes, net	446,736	-
Goodwill	301,087	301,087
Other Assets	65,635	64,770
TOTAL ASSETS	$ 21,854,071	$ 22,120,672
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,842,734	$ 2,954,687
Line of credit borrowings	669,580	2,263,227
Current portion of long-term debt	2,134,950	3,867,658
Total current liabilities	6,647,264	9,085,572
Long-Term Liabilities		
Deferred rent payable	21,156	22,044
Subordinated debt – related party	1,477,760	1,477,760
Long-term debt, less current portion	10,989,124	8,020,435
Deferred income taxes, net	-	387,487
Total long-term liabilities	12,488,040	9,907,726
Total liabilities	19,135,304	18,993,298

Commitments and Contingencies		
Stockholders' Equity		
Common and preferred stock. $.005 par value		
Authorized: 100,000,000 common shares and 10,000,000 preferred shares		
Issued: 21,882,466 common shares and -0- preferred shares		
Treasury Stock: 103,600 common shares		
Outstanding: 21,778,866 common shares and -0- preferred shares at September 30, 2012 and December 31, 2011	108,894	108,894
Additional paid-in-capital	6,361,159	6,112,674
Accumulated deficit	(3,751,286)	(3,117,267)
Accumulated other comprehensive income	-	23,073
Total stockholders' equity	2,718,767	3,127,374
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,854,071	$ 22,120,672

See notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Revenues	$5,494,134	$4,532,274	$20,659,509	$18,265,614
Cost of Revenue	5,208,900	3,952,923	16,521,539	13,619,711
Gross Profit	285,234	579,351	4,137,970	4,645,903
Operating Expenses				
General and administrative expenses	727,097	1,058,602	2,574,995	2,450,153
Depreciation and amortization	544,659	1,215,524	2,527,101	3,410,063
Total operating expenses	1,271,756	2,274,126	5,102,096	5,860,216
Loss from Operations	(986,522)	(1,694,775)	(964,126)	(1,214,313)
Other Income (Expense)				
Interest expense	(211,708)	(161,642)	(639,712)	(513,918)
Gain (loss) on disposals of equipment	251,875	-	253,411	(44,286)
Gain on sale of investments	-	-	24,653	-
Other (expense) income	(14,764)	(726)	40,422	(38,436)
Total Other Income (Expense)	25,403	(162,368)	(321,226)	(596,640)
Loss Before Income Tax Benefit	(961,119)	(1,857,143)	(1,285,352)	(1,810,953)
Income Tax Benefit	488,915	726,719	651,332	715,313
Net Loss	$(472,204)	$(1,130,424)	$(634,020)	$(1,095,640)
Other Comprehensive Loss				
Unrealized loss on available-for-sale securities, net of tax	-	(46,451)	(23,073)	(130,300)
Comprehensive Loss	$(472,204)	$(1,176,875)	$(657,093)	$(1,225,940)
Earnings per Common Share				
Loss Per Common Share – Basic	$(0.02)	$(0.05)	$(0.03)	$(0.05)
Loss Per Common Share – Diluted	$(0.02)	$(0.05)	$(0.03)	$(0.05)
Basic weighted average number of common shares outstanding	21,778,866	21,778,866	21,778,866	21,778,866

Add: Dilutive shares assuming exercise of options and warrants	-	-	-	-
Diluted weighted average number of common shares outstanding	21,778,866	21,778,866	21,778,866	21,778,866

See notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
OPERATING ACTIVITIES				
Net loss	$ (472,204)	$ (1,130,424)	$ (634,020)	$ (1,095,640)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	544,659	1,215,524	2,527,101	3,410,063
(Gain) Loss on disposal of equipment	(251,875)	-	(253,411)	44,286
Realized gain on sale of marketable securities	-	-	(24,653)	-
Deferred income taxes	(488,915)	(756,417)	(718,570)	(791,566)
Stock-based compensation	59,198	345,219	248,485	454,084
Warrants issued in consideration to vendor	-	-	-	46,353
Unrealized loss on available-for-sale securities	-	29,015	-	81,274
Bad debt expense (recoveries)	10,624	(112,292)	8,885	(111,947)
Changes in operating assets and liabilities				
Accounts receivable	55,985	(281,993)	732,153	963,393
Income taxes receivable	-	-	-	634,941
Inventories	48,978	(45,333)	34,154	(44,010)
Prepaids and other current assets	(401,514)	(86,311)	(678,000)	(336,072)
Other non-current assets	(15,904)	2,646	(865)	13,034
Deferred rent payable	(296)	5,511	(888)	5,511
Accounts payable and accrued expenses	1,089,292	657,918	888,048	128,936
Net cash provided (used) by operating activities	178,028	(156,937)	2,128,419	3,402,640
INVESTING ACTIVITIES				
Purchases of property and equipment	(357,060)	(2,185,121)	(2,295,826)	(4,055,822)
Sales of available-for-sale securities	-	-	180,208	-
Proceeds from sales of equipment	382,000	-	385,500	38,787
Net cash provided (used) by investing activities	24,940	(2,185,121)	(1,730,118)	(4,017,035)
FINANCING ACTIVITIES				
Net line of credit borrowings	5,350	1,314,358	400,000	264,358
Proceeds from issuance of long-term debt	-	562,946	1,359,907	562,946
Repayment of long-term debt	(385,792)	(704,724)	(2,117,574)	(1,324,915)
Net cash (used) provided in financing activities	(380,442)	1,172,580	(357,667)	(497,611)
Net (Decrease) Increase in Cash and Cash Equivalents	(177,474)	(1,169,478)	40,634	(1,112,006)
Cash and Cash Equivalents, Beginning of Period	635,113	1,695,279	417,005	1,637,807
Cash and Cash Equivalents, End of Period	$ 457,639	$ 525.801	$ 457,639	$ 525.801

Supplemental cash flow information consists of the following:				
Cash paid for interest	$ 200,534	$ 149,901	$ 606,432	$ 482,325
Supplemental Disclosure of Non-cash Investing and Financing Activities:				
Non-cash commitments entered into for leases	$ -	$ 230,671	$ -	$ 282,145
(Decrease) increase in fair value of available-for-sale securities	$ -	$ (75,466)	$ 29,415	$ (211,574)

See notes to condensed consolidated financial statements.

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Notes to the Condensed Consolidated Financial Statements

Note 1 – Basis of Presentation

The accompanying condensed consolidated financial statements have been derived from the accounting records of Enservco Corporation (formerly Aspen Exploration Corporation), Heat Waves Hot Oil Services LLC ("Heat Waves"), Dillco Fluid Service, Inc. ("Dillco"), Trinidad Housing LLC, HE Services LLC, Aspen Gold Mining Company, Enservco Frac Services LLC, Heat Waves LLC, and Real GC LLC (collectively, the "Company") as of December 31, 2011 and September 30, 2012 and the results of operations for the three and nine months ending September 30, 2012 and 2011. Any references to "Aspen" in this report are intended to provide reference for certain actions and events that took place prior to the Merger Transaction and are included to give context to the reader. References to "Enservco" and the "Company" are intended to apply to the Company as a whole and on a post Merger Transaction basis.

The below table provides an overview of the Company's current ownership hierarchy:

Name	State of Formation	Ownership	Business
Dillco Fluid Service, Inc. ("Dillco")	Kansas	100% by Enservco	Oil and natural gas field fluid logistic services primarily in the Hugoton Basin in western Kansas and northwestern Oklahoma.
Heat Waves Hot Oil Services LLC ("Heat Waves")	Colorado	100% by Dillco	Oil and natural gas well services, including logistics and stimulation
HE Services, LLC ("HES")	Nevada	100% by Heat Waves	No active business operations. Owns construction equipment used by Heat Waves.
Real GC, LLC ("Real GC")	Colorado	100% by Heat Waves	No active business operations. Owns real property in Garden City, Kansas that is utilized by Heat Waves.
Trinidad Housing, LLC ("Trinidad Housing")	Colorado	100% by Dillco.	No active business operations.
Enservco Frac Services, LLC	Delaware	100% by Enservco	No active business operations.
Aspen Gold Mining Company	Colorado	100% by Enservco	No active business operations.
Heat Waves, LLC	Colorado		No active business operations

100% by
Dillco

On July 27, 2010 Dillco became a wholly owned subsidiary of Aspen (the "Merger Transaction"). At the time of the Merger Transaction Aspen was not engaged in active business operations whereas Dillco conducted operations both directly and through subsidiary entities.

The accompanying unaudited Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, all of the normal and recurring adjustments necessary to fairly present the interim financial information set forth herein have been included. The results of operations for interim periods are not necessarily indicative of the operating results of a full year or of future years.

The accompanying Condensed Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the financial statements and related footnotes included in the Annual Report on Form 10-K of Enservco Corporation for the year ended December 31, 2011. All significant inter-company balances and transactions have been eliminated in the accompanying consolidated financial statements.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides a reserve for doubtful accounts based on a review of outstanding receivables, historical collection information and existing economic conditions. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of September 30, 2012 the Company has recorded an allowance for doubtful accounts of $100,000. For the three and nine months ended September 30, 2012 the Company recorded net bad debt expense of $10,624 and $8,885, respectively. For the three and nine months ended September 30, 2011 the Company recorded net bad debt recoveries of $112,292 and $111,947, respectively.

Inventory

Inventory consists primarily of diesel fuel and chemicals that are used in the servicing of oil wells and is carried at the lower of cost or market in accordance with the first in, first out method. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged to cost of goods sold.

Property and Equipment

Property and equipment consists of (1) trucks, trailers and pickups; (2) trucks that are in various stages of fabrication; (3) real property which includes land and buildings used for office and shop facilities and wells used for the disposal of water; and (4) other equipment such as tools used for maintaining and repairing vehicles, office furniture and fixtures, and computer equipment. Property and equipment is stated at cost less accumulated depreciation. The Company charges repairs and maintenance against income when incurred and capitalizes renewals and betterments, which extend the remaining useful life or expand the capacity of the assets. Depreciation is recorded on a straight-line basis over estimated useful lives of 5 to 30 years.

During fiscal year 2012, the Company reassessed the estimated useful lives of its trucks and equipment (including its well servicing units and equipment, fluid services equipment, construction equipment, and other vehicles) as well as the estimated useful lives of its disposal wells. Through this assessment, the Company increased the useful lives of its trucks and equipment from 5-7 years to 10 years, and increased the useful lives of its disposal wells from 7-10 years to 15 years. The Company has determined that this adjustment to its useful lives is a change in accounting estimate and has accounted for the change prospectively; i.e. the accounting change impacts interim reporting periods within fiscal year 2012 and future periods. For the three and nine months ended September 30, 2012, the change in accounting estimate lowered depreciation for the periods by approximately $860,000 and $1,720,000 (pre-tax difference), decreasing Loss from Operations and Net Loss by this amount, or by approximately $0.02 and $0.03 earnings per basic and diluted common share, respectively.

Leases

The Company conducts a major part of its operations from leased facilities. Each of these leases is accounted for as an operating lease. Normally, the Company records rental expense on its operating leases over the lease term as it becomes payable. If rental payments are not made on a straight-line basis, in accordance with the terms of the agreement, the Company records a deferred rent expense and recognizes the rental expense on a straight-line basis throughout the lease term. The majority of the Company’s facility leases contain renewal clauses and expire through November 2016. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

The Company is leasing a number of trucks and equipment in the normal course of business, which are recorded as operating leases. The Company records rental expense on its equipment operating leases over the lease term as it becomes payable; there are no rent escalation terms associated with these equipment leases. On a number of the equipment leases purchase options exist allowing the Company to purchase the leased equipment at the end of the lease term, based on the market price of the equipment at the time of the lease termination and exercised purchase option. The majority of the Company's equipment leases contain renewal clauses and expire through June 2017.

The Company has also entered into several capital leases in order to acquire trucks and equipment. Each of these leases allow the Company to retain title of the equipment leased through the lease agreements upon final payment of all principal and interest due. The Company records the assets and liabilities associated with these leases at the present value of the minimum lease payments per the lease agreement. The assets are classified as property and equipment and the liabilities are classified as current and long-term liabilities based on the contractual terms of the agreements and their associated maturities.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the discounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments were recorded during both the three and nine month periods ended September 30, 2012 and 2011.

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, the fee is fixed and determinable, services are provided, and collection is reasonably assured. It should be noted that due to the seasonality of the Company's operations, a significant portion of revenues are recognized during the colder, winter months of the year. Therefore, the Company believes that, the revenues recognized for the three and nine month periods ended September 30, 2012 and 2011 are not indicative of quarterly revenues through the remainder of the fiscal year.

Earnings Per Share

Earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing net income by the diluted weighted average number of common shares. The diluted weighted average number of common shares is computed using the

treasury stock method for common stock that may be issued for outstanding stock options.

As of September 30, 2012 and 2011, the Company had outstanding Stock-based Option Awards and Warrants to acquire an aggregate of 2,585,000 and 3,525,000 shares of Company common stock, respectively, which have a potentially dilutive impact on earnings per share. Dilution is not permitted if there are net losses during the period. As such, the Company does not show any incremental shares impacting dilutive earnings per share, resulting in a difference between the basic earnings per share and dilutive earnings per share, for the three and nine months ended September 30, 2012 and 2011.

Intangible Assets

Non-Competition Agreements. The non-competition agreements with the sellers of Heat Waves, Hot Oil Express, and Dillco have finite lives and are being amortized over a five-year period (Note 3). The Dillco non-competition agreement was written off in June 2009 upon the death of the contracted party. The Heat Waves non-competition agreement was fully amortized as of June 2012. Amortization expense for the Hot Oil non-competition agreement is expected to be recognized through June 2013.

Goodwill. Goodwill represents the excess of the cost over the fair value of net assets acquired, including identified intangible assets, recorded in connection with the acquisitions of Heat Waves. Goodwill is not amortized but is assessed for impairment at least annually.

Impairment. The Company assesses goodwill and intangible assets with indefinite lives for impairment at the reporting unit level on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Guidance requires that the impairment test be performed through the application of a two-step fair value test. The Company utilizes this two-step method and recognizes a goodwill impairment loss in the event that the fair value of the reporting unit does not exceed its carrying value. During fiscal year ended December 31, 2011, the Company performed the annual impairment test and determined that no impairment existed. As of September 30, 2012, the Company did not note any events that occurred, nor did any circumstances change, that would result in an impairment of goodwill or intangible assets with indefinite lives as of the last annual test performed.

Marketable Securities

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for sale. Held-to-maturity securities are recorded as either short term or long term on the Balance Sheet, based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt and marketable equity securities not classified as held to maturity or as trading, are classified as available for sale, and are carried at fair value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in stockholders' equity.

The fair value of substantially all marketable securities is determined in reference to quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.

Loan Fees and Other Deferred Costs

In the normal course of business, the Company often enters into loan agreements with its primary lending institutions. The majority of these lending agreements require origination fees and other fees in the course of executing the agreements. For all costs associated with the execution of the lending agreements, the Company recognizes these as capitalized costs and defers the expensing of these costs over the term of the loan agreement. These deferred costs are classified on the balance sheet as current or long-term assets based on the contractual terms of the loan agreements. All other costs not associated with the execution of the loan agreements are expensed as incurred.

Deferred Rent Liability

The Company recognizes rent expense on a straight-line basis over the life of the rental agreement. Deferred rent liability is recognized as the difference between rent expense recorded and actual cash payments made and is recorded as a Long-Term Liability as a separate line item on the accompanying consolidated Balance Sheet. As of September 30, 2012 and December 31, 2011, deferred rent liability totaled $21,156 and $22,044, respectively.

Income Taxes

Enservco LLC (a Nevada limited liability company, which until the time of the Merger Transaction in July 2010 served as the holding company for the Company's various operating entities) and its subsidiaries, with the exception of Dillco (which is a C Corporation subject to federal and state income taxes), are limited liability companies and prior to January 1, 2010 were not subject to federal or state income taxes. On January 1, 2010 Enservco LLC elected to be taxed as a corporation. Therefore, prior to January 1, 2010 no provision or liability for income taxes has been included in the accompanying financial statements, except for income taxes relating to the financial statements of Dillco and Aspen (the current parent (or holding) company for the Company's operations and assets).

The Company recognizes deferred tax liabilities and assets (Note 7) based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date. Deferred income taxes are classified as a net current or non-current asset or liability based on the classification of the related asset or liability for financial reporting purposes. A deferred tax asset or liability that is not related to an asset or liability for financial reporting is classified according to the expected reversal date. The Company records a valuation allowance to reduce deferred tax assets to an amount that it believes is more likely than not expected to be realized.

The Company accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, the Company is required to make many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to the Company's subjective assumptions and judgments which can materially affect amounts recognized in the consolidated balance sheets and consolidated statements of income. The result of the reassessment of the Company's tax positions did not have an impact on the consolidated financial statements.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed as of September 30, 2012. The Company files tax returns in the United States and in the states in which it conducts its business operations. The tax years 2008 through 2010 remain open to examination in the taxing jurisdictions to which the Company is subject.

Fair Value

The Company follows authoritative guidance that applies to all financial assets and liabilities required to be measured and reported on a fair value basis. The Company also applies the guidance to non-financial assets and liabilities measured at fair value on a nonrecurring basis, including non-competition agreements and goodwill. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The Company did not change its valuation techniques nor were there any transfers between hierarchy levels during the three and nine months ended September 30, 2012. The financial and nonfinancial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1:	Quoted prices are available in active markets for identical assets or liabilities;
Level 2:	Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
Level 3:	Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Standards Codification 718, “Stock Compensation”, which requires companies to recognize compensation expense for the share-based payments based on the estimated fair value of the awards.

Management Estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America 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 3 - Non-Competition Agreements

Non-competition agreements consist of the following as of September 30, 2012:

Non-competition agreements - net, at January 1, 2011	$420,000
Amortization for the year ended December 31, 2011	(240,000)
Non-competition agreements - net, at December 31, 2011	180,000
Amortization for the nine months ended September 30, 2012	(135,000)
Non-competition agreements - net, at September, 2012	$45,000

Amortization expense for the three and nine months ended September 30, 2012 totaled $15,000 and $135,000, respectively. Amortization expense for the three and nine months ended September 30, 2011 totaled $60,000 and $180,000, respectively.

Future amortization expense on these non-competition agreements will be $45,000 for the twelve months ending September 30, 2013.

Note 4 - Property and Equipment

Property and equipment consists of the following as of:

	September 30, 2012	December 31, 2011
Trucks and vehicles	$ 24,500,009	$ 22,050,564

Other equipment	2,949,557	2,888,663
Buildings and improvements	2,947,305	2,947,305
Trucks in process	463,563	852,975
Capitalized truck leases	455,093	455,093
Land	701,420	701,420
Disposal wells	662,915	620,104
Total property and equipment	32,679,862	30,516,124
Accumulated depreciation	(17,736,355)	(15,344,254)
Property and equipment - net	$ 14,943,507	$ 15,171,870

Depreciation expense for the three months ended September, 2012 and 2011 totaled $529,659 and $1,155,524, respectively. Depreciation expense for the nine months ended September 30, 2012 and 2011 totaled $2,392,101 and $3,230,063, respectively.

Note 5 – Debt

Certain of the Company's debt was refinanced on November 2, 2012, as described in Note 10 below. The debt refinanced on that date is identified in the following table. Long-term debt consists of the following as of:

	September 30, 2012	December 31, 2011
Term Loan entered into as part of the debt refinancing in June 2010 with an original principal balance of $9.1 million, payable in monthly interest only payments from July 2010 to June 2011 with fixed monthly principal and interest installments of $225,139 beginning July 2011 until March 2015. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment, inventory, and accounts of the Company, guaranteed by the subsidiaries and one of the stockholders of the Company, and subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	$ 6,708,577	$ 8,050,472
Notes payable to stockholder, subordinated to all bank debt, fixed interest at 3% compounding annually, interest paid in arrears December 31st of each year, due in December 2018. (Converted to equity subsequent to September 30, 2012, see Note 10 for details.)	1,477,760	1,477,760
Notes payable to equipment finance companies, interest at 2.97% to 4.74%, due in monthly principal and interest installments through January 2012, secured by equipment.	-	27,753
Note payable to the seller of Heat Waves. The note was garnished by the Internal Revenue Service ("IRS") in 2009 and is due on demand; payable in monthly installments of $3,000 per agreement with the IRS.	323,000	350,000
Mortgage payable to a bank, interest at 8%, due in monthly payments through February 2015 with a balloon payment of $111,875 on March 15, 2015, secured by land, guaranteed by one of the Company's stockholders.	214,784	242,543
Note payable entered into with a lending institution in order to purchase field equipment, interest at a fixed rate of 6.50%. Term of 48 months, due in monthly installments of $10,294 through December 2015.	352,182	-
Mortgage payable to a bank, interest at 8%, payable in monthly payments through January 2017 with a balloon payment of $88,118 on February 1, 2017, secured by land.	140,110	147,631
Notes payable to vehicle finance companies, interest at fixed rates from 6.19% to 10.25%, due in monthly installments through August 2015, secured by vehicles, guaranteed by one of the stockholders.	84,670	139,140

Capital leases entered into with a leasing company in order to purchase trucks and trailers, interest at a fixed rate of 5%. Truck lease term of 24 months, due in monthly installments through September 2012. Trailer lease term of 36 months, payments due in monthly installments through September 2013 (Note 8).	83,994	226,900
Note payable entered into with a lending institution in order to purchase field pickup trucks, interest at a fixed rate of 8.05%. Term of 60 months, due in monthly installments of $4,688 through September 2016.	191,667	221,213
Equipment Loan entered into with an original principal balance of $1,000,000, payable in two consecutive interest only payments, beginning December 23, 2010, forty-seven monthly consecutive principal and interest payments of $23,291, beginning February 23, 2011, and one final principal and interest payment of $23,315 due on January 23, 2015. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment purchased with the equipment loan, guaranteed by the subsidiaries and stockholders of the Company, subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	650,723	789,975

	September 30, 2012	December 31, 2011
Equipment Loan entered into with an original principal balance of $152,303, payable in forty-seven monthly consecutive principal and interest payments of $3,548, beginning September 1, 2011, and one final principal and interest payment of $3,548 due on August 1, 2015. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment purchased with the equipment loan, guaranteed by the subsidiaries and one of the stockholders of the Company, subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	$ 120,359	$ 140,873
Equipment Loan entered into with an original principal balance of $410,642, payable in forty-seven monthly consecutive principal and interest payments of $9,565, beginning on October 13, 2011, and one final principal and interest payment of $9,565 due on September 13, 2015. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment purchased with the equipment loan, guaranteed by the subsidiaries and one of the stockholders of the Company, subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	331,926	387,044
Equipment Loan entered into with an original principal balance of $452,795, payable in forty-seven monthly consecutive principal and interest payments of $10,547, beginning on December 9, 2011, and one final principal and interest payment of $10,030 due on November 9, 2015. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment purchased with the equipment loan, guaranteed by the subsidiaries and one of the stockholders of the Company, subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	383,694	443,909
Equipment Loan entered into with an original principal balance of $895,632, payable in forty-seven monthly consecutive principal and interest payments of $20,859, beginning on March 9, 2012, and one final principal and interest payment of $10,030 due on February 9, 2016. Interest at Prime plus 1% with a 5.5% floor (5.5% at September 30, 2012), collateralized by equipment purchased with the equipment loan, guaranteed by the subsidiaries and one of the stockholders of the Company, subject to financial covenants. (Refinanced subsequent to September 30, 2012, see Note 10 for details.)	811,073	-
Real Estate Loan for a facility in North Dakota entered into with an original principal balance of $678,750, amended to $705,000 during February 2012, payable in two payment streams; the first payment stream requires six monthly consecutive interest only payments beginning December 16, 2011, and the second payment stream requires one-hundred and twenty monthly consecutive principal and interest payments of $7,416 beginning on June 16, 2012 and ending May 16, 2022. Interest is calculated differently for each of the payment streams; interest for payment stream one is 5.0%, and interest for payment stream two is Prime plus 3.5% with a 4.75% floor (4.75% at September 30, 2012). Loan is collateralized by land and property purchased with the loan, guaranteed by the subsidiaries and one of the stockholders	696,398	678,750

of the Company, subject to financial covenants.		
Note payable entered into with a lending institution in order to purchase equipment, interest at a fixed rate of 8.2%. Truck lease term of 60 months, due in monthly installments through January 2017.	37,270	41,890
Current portion of long-term debt reclassified to long-term debt due to refinancing of loan agreements with primary lender (see Note 10 for details).	1,993,647	-
Total	$ 14,601,834	$ 13,365,853
Less current portion	(2,134,950)	(3,867,658)
Long-term debt, net of current portion	$ 12,466,884	$ 9,498,195

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Aggregate maturities of debt are as follows:

Twelve Months Ending September 30,	
2013	$2,134,950
2014	1,871,910
2015	1,973,475
2016	6,583,276
2017	165,151
Thereafter	1,873,072
Total	$14,601,834

Revolving Line of Credit

As of September 30, 2012 and December 31, 2011, (prior to any adjustments for the refinancing that occurred after September 30, 2012), the outstanding balance on the revolving line of credit with our original primary lender was $2,663,227 and $2,263,227, respectively; maturing on March 31, 2013.

On November 2, 2012, we refinanced substantially all of our debt with our original primary lender. As a result, $1,993,647 of the outstanding balance on the revolving line of credit was reclassified from current to long-term debt; resulting in $669,580 of the remaining revolving line of credit with our original primary lender classified as a current liability as of September 30, 2012 (see Note 10 for details).

Note 6 – Marketable Securities

Available-for-sale securities

Available-for-sale securities, classified as other current assets, is as follows:

December 31, 2011				
Amortized Cost	Unrealized Gains in Accumulated Other	Unrealized Losses in Accumulated Other	Sales of Securities	Fair Value

		Comprehensive Income	Comprehensive Income		
Available-for-sale securities	$365,786	$ 83,817	$ (298,810)	$ -	$150,793

	September 30, 2012				
	Amortized Cost	Unrealized Gains in Accumulated Other Comprehensive Income	Unrealized Losses in Accumulated Other Comprehensive Income	Sales of Securities	Fair Value
Available-for-sale securities	$150,793	$ 30,363	$ (948)	$(180,208)	$ -

Net unrealized holding gains on available-for-sale securities in the amount of $29,415 for the nine months ended September 30, 2012, have been included in accumulated other comprehensive income.

Due to the sale of marketable securities during the nine months ended September 30, 2012, the Company released an additional $27,835 out of the accumulated other comprehensive income balance, resulting in an unrealized loss on available-for-sales securities of $23,073 for the nine months ended September 30, 2012 and an accumulated other comprehensive income balance of $-0- at September 30, 2012.

Note 7 – Income Taxes

Income tax expense during interim periods is based on applying an estimated annual effective income tax rate to year-to-date income, plus any significant unusual or infrequently occurring items which are recorded in the interim period. The provision for income taxes for the three and nine months ended September 30, 2012 and 2011 differs from the amount that would be provided by applying the statutory U.S. federal income tax rate of 34% to pre-tax income primarily because of state income taxes and estimated permanent differences.

The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in various jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is obtained, additional information becomes known or as the tax environment changes.

Note 8 – Commitments and Contingencies

The Company leases six facilities under lease commitments that expire through November 2016, and also leases trucks and equipment under several equipment lease commitments that expire through June 2017; all of these facility and equipment leases are accounted for as operating leases. Future minimum lease commitments for these operating lease commitments are as follows:

Twelve Months Ending September 30,	
2013	$679,908
2014	513,900
2015	241,326
2016	223,574
2017	74,593
Total	$1,733,301

The Company has entered into capital leases for five water transport units (each unit includes one truck and one trailer), which have been included in Property and Equipment (Note 4) and are summarized in the table below as of September 30, 2012:

Capitalized Trucks	$218,807

Capitalized Trailers	236,286
Less: Accumulated Depreciation	(132,143)
Net Assets Under Capital Leases	$322,950

The following is a summary of the future minimum lease payments under capital leases as of September 30, 2012:

Twelve Months Ending September 30,	Minimum Lease Payment
2013	$85,205
2014	874
2015	-
Total minimum lease payments	86,079
Less: Interest	(2,085)
Net minimum lease payments	83,994
Less: Current portion	(83,120)
Long-term portion of minimum lease payments	$874

Note 9 – Stockholder's Equity

2010 Option Plan

On July 27, 2010 the Company's Board of Directors adopted the Aspen Exploration 2010 Stock Incentive Plan (the "2010 Plan"). The aggregate number of shares of our common stock that may be issued through December 31, 2011 under all equity-based awards made under the 2010 Plan is 3,500,000 shares. The number of shares subject to the 2010 Plan may be reset each year, commencing January 1, 2012, based on the number of shares of stock then outstanding. As such, at January 1, 2012 the number of shares of common stock available under the 2010 Plan was reset to 3,266,830 shares; calculated as 15% of the issued and outstanding shares of common stock (21,778,866 shares) on that date. The exercise price of the options granted under the 2010 Plan was determined based on the terms and conditions within the 2010 Plan.

Through September 30, 2012 the Company has granted options to acquire a total of 2,585,000 outstanding shares of common stock pursuant to the 2010 Plan, broken out in specific grant dates as noted below:

1. Pursuant to the 2010 Plan, options to acquire an aggregate of 975,000 shares of common stock were granted on the date of the Merger Transaction. The exercise price of these options was based on the closing price of the Company's common stock on the second business day following the Company reporting the closing of the Merger Transaction. Of these shares, 225,000 shares vested immediately upon grant and the remaining shares vest ratably over the term of the options.

2. Subsequent to the initial granting of the 975,000 shares pursuant to the 2010 Plan, and prior to the nine month period ending September 30, 2012, options to acquire an additional 1,875,000 shares of common stock were granted under the 2010 Plan. The exercise price of these options was based either on the closing sale price of the Company's common stock on the date of grant or the ten day average closing price of the Company's common stock prior to the grant date. These 1,875,000 shares vest over two to three year periods with 633,333 shares having vested on the date of grant. As of September 30, 2012, 1,125,000 of these shares were cancelled or expired for failure to meet established performance goals or as a result of termination of employment.

3. During the nine month period ending September 30, 2012 an additional 1,270,000 shares of common stock were granted under the 2010 Plan. The exercise price of these options was based on the closing sale price of the Company's common stock on the business day following the date of grant. These 1,270,000 shares vest over two to three year periods with 150,000 shares having vested on the date of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The options issued during the nine month period ending September 30, 2012 were valued using the following weighted average assumptions: no dividend yield, expected volatility of 118.83%, risk free interest rate of 0.37% and expected term of 3.4 years. As of September 30, 2012, 410,000 of these shares were cancelled or expired for failure to meet established performance

goals or as a result of termination of employment.

As of September 30, 2012, 2,585,000 options were outstanding under the 2010 Plan. The 2,585,000 outstanding options issued under the 2010 Plan were valued using the following weighted average assumptions: no dividend yield, expected volatility of 116.08%, risk free interest rate of 0.65% and expected term of 3.2 years. Expected volatility was calculated based upon actual historical stock price movements over the most recent periods through the date of issuance, equal to the expected option term. Expected pre-vesting forfeitures were assumed to be zero. The expected option term was calculated using the “simplified” method.

For the three and nine months ended September 30, 2012 the Company recognized stock-based compensation expense (through operating expense as general and administrative expense) of $59,198 and $248,459 respectively. As of September 30, 2012 the Company had unrecognized expense of $259,702 associated with outstanding options, which will be recognized over the remaining weighted-average period of 1.50 years. The options are classified as equity instruments on the balance sheet at September 30, 2012.

2008 Option Plan

Through July 27, 2010 Aspen had one equity compensation plan, the "2008 Equity Plan." An aggregate of 1,000,000 common shares were reserved for issuance under the 2008 Equity Plan and in February 2008 the Board of Directors granted directors and employees options to acquire 775,000 shares which vested based on meeting certain performance goals, exercisable at $2.14 per share through February 27, 2013. Of these, all but 140,431 have expired as of September 30, 2012 for failure to meet established performance goals or as a result of termination of employment. As of December 31, 2011, the Company did not have any unrecognized expense associated with these options.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The options issued under the 2008 Equity Plan were valued using the following weighted average assumptions: no dividend yield, expected volatility of 58%, risk free interest rate of 2.25% and expected term of 3.3 years. Expected volatility was calculated based upon actual historical stock price movements over the most recent periods through the date of issuance, equal to the expected option term. Expected pre-vesting forfeitures were assumed to be zero. The expected option term was calculated using the "simplified" method.

Pursuant to the 2008 Equity Plan, on February 15, 2010, Aspen's Board of Directors granted options to certain Aspen employees and consultants. The options were granted to persons who remained with Aspen and had provided (and were then expected to continue to provide) valuable services to Aspen, and to help align interests of the recipients with those of Aspen and its stockholders. In total, Aspen granted options to acquire 350,000 shares of its common stock which were exercisable at $0.4125 per share (equal to 125% of the closing price on the business day after the day the Company filed its Form 10-Q for the quarter ended December 31, 2009).

Each of the options granted on February 15, 2012 expires on February 15, 2015. These options became vested as a result of the Merger Transaction on July 27, 2010. On July 27, 2010, the Company terminated the 2008 Equity Plan, although such termination did not terminate or otherwise affect the contractual rights of persons who hold options to acquire common stock under the 2008 Equity Plan. As of September 30, 2012, 490,431 options were outstanding under the 2008 Plan.

The following information summarizes information with respect to options granted under all equity plans:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2010	2,465,431	$ 0.59	3.34
Granted	875,000	1.02	
Exercised	-	-	
Forfeited or Expired	(5,000)	0.84	
Outstanding at September 30, 2011	3,335,431	$ 0.70	2.68
Granted	-	-	
Exercised	-	-	
Forfeited or Expired	(30,000)	0.84	
Outstanding at December 31, 2011	3,305,431	$ 0.70	3.30
Granted	1,270,000	0.65	
Exercised	-	-	
Forfeited or Expired	(1,500,000)	0.63	
Outstanding at September 30, 2012	3,075,431	$ 0.72	3.18
Exercisable at December 31, 2010	1,298,764	$ 0.49	3.34
Exercisable at September 30, 2011	2,182,097	$ 0.70	2.50
Exercisable at December 31, 2011	2,182,097	$ 0.71	2.25
Exercisable at September 30, 2012	2,265,431	$ 0.70	1.50

A summary of the status of nonvested shares underlying the options are presented below:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2010	1,166,667	$ 0.32
Granted	875,000	0.62
Vested	(883,333)	0.50
Forfeited	(5,000)	0.62
Nonvested at September 30, 2011	1,153,334	$ 0.48
Granted	-	-
Vested	-	-
Forfeited	(30,000)	0.84

Nonvested at December 31, 2011	1,123,334	$	0.48
Granted	1,270,000		0.46
Vested	(770,000)		0.54
Forfeited	(813,334)		0.59
Nonvested at September 30, 2012	810,000	$	0.37

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Note 10 – Subsequent Events

On November 2, 2012, the Company and PNC Bank, National Association ("PNC") entered into a Revolving Credit, Term Loan and Security Agreement (the "Credit Agreement") and other documents by which the Company and its subsidiaries refinanced substantially all of its existing indebtedness with Great Western Bank; the exception being the real estate loan for a facility in North Dakota with an original principal balance of $678,750 and current principal balance of $696,398 (Note 4).

The Credit Agreement with PNC provides for $16,000,000 in senior secured financing, consisting of a Term Loan in the original principal amount of $11,000,000 and a Revolving Credit Facility of $5,000,000. The Company has the option to pay a variable interest rate on the loans of either (a) PNC's Alternative Base Rate (PNC Prime rate) plus 1.25% or (b) a rate equal to 1, 2, or 3 month LIBOR plus (i) 3.25% (for the Revolver) or (ii) 4.25% (for the Term Loan). The Term Loan amortizes on a seven-year straight-line basis equal to thirty-five equal monthly payments of $130,952, with the remaining principal due at maturity on November 2, 2015. Substantially all of the Company's assets collateralize the obligations to PNC.

The Credit Agreement also required the Company to raise a minimum of $1,250,000 in additional equity prior to closing. The total equity raised was $1,994,800. Under this additional equity offering the Company sold 5,699.428 Units to accredited investors at a purchase price of $350 each. Each Unit consisted of 1,000 shares of common stock and warrants to purchase 500 shares of common stock at $0.55 per share. Also as required by the Credit Agreement, subordinated debt held by the Company's chairman, in the principal amount of $1,477,760, was converted into 4,222 Units (under the same terms as all other equity raised). The company issued 4,222,000 shares of its common stock through this conversion. The Company also paid $45,018 in accrued interest on the subordinated debt to the subordinated debt holder upon conversion of the subordinated debt.

As a result of the additional equity offering and the conversion of the subordinated debt, the Company issued 5,699,428 shares of its common stock and warrants to purchase 5,635,170 shares of its common stock. The five year warrants are exercisable at $0.55 per share. Each of the warrants may be exercised on a cashless basis. The warrants also provide that subject to various conditions, the holders have certain demand and piggy-back registration rights with respect to the common stock issued and those that may be acquired upon the exercise of the warrants. The fair value of each warrant is estimated on the date of issuance using the Black-Scholes option pricing model. The warrants were valued using the following weighted average assumptions: no dividend yield, expected volatility of 123.95%, risk free interest rate of 0.73% and term of 5 years. Expected volatility was calculated based upon actual historical stock price movements over the most recent periods through the date of issuance, equal to the contractual warrant term. The warrant term was based on the life of the warrant as stated on the warrant agreement. With a stock price of $0.35 on the date of issuance, these warrants had a fair-value of $0.28 per share. As these warrants were all issued in conjunction with the raise of additional equity as required per the loan agreement, no warrant expense was recognized; the value of the warrants was netted against the additional paid-in-capital associated with the common stock issued per the additional equity raised. The warrants are classified as equity instruments on the balance sheet at November 2, 2012.

As a result of executing the Credit Agreement, the Company has reclassified a portion of its line of credit borrowings and current portion of long-term debt as long-term debt per the terms and conditions of the Credit Agreement. Since the Credit Agreement was executed after the September 30, 2012 balance sheet date but prior to the filing of this Form 10Q, accounting standards require this reclassification to be shown within the Company's financial statements as of September 30, 2012. This resulted in $1,993,647 of the Company's line of credit borrowings and $1,124,123 of its current portion of long-term debt being reclassified from current liabilities to long-term debt as of September 30, 2012.

In addition to the reclassifications noted above, the Company also believes it beneficial to disclose other impacts of the Credit Agreement and associated transactions (equity raise, expenses, etc.) as pro forma, condensed financial statement information by reflecting these impacts on the Company's September 30, 2012 condensed financial statements as presented within this Form 10Q, as follows:.

	September 30, 2012 (Unaudited)	Pro Forma Adjustments (Unaudited)		Pro Forma as Adjusted (Unaudited)
ASSETS				
Current Assets	$ 6,052,106	$ 1,125,995	{a}	$ 7,178,101
Non-current Assets	15,801,965	572,107	{b}	16,374,072
TOTAL ASSETS	$ 21,854,071	$ 1,698,102		$ 23,552,173
LIABILITIES				
Current Liabilities	$ 6,647,264	$ (119,128)	{c}	$ 6,528,136
Long-Term Liabilities	12,488,040	(1,597,654)	{d}	10,890,386
TOTAL LIABILITIES	19,135,304	(1,716,782)		17,418,522
STOCKHOLDERS' EQUITY				
Common and Preferred Outstanding	108,894	49,608	{e}	158,502
Additional Paid-in-Capital	6,361,159	3,422,952	{f}	9,784,111
Accumulated Deficit	(3,751,286)	(57,676)	{g}	(3,808,962)
TOTAL STOCKHOLDERS' EQUITY	2,718,767	3,414,884		6,133,651
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,854,071	$ 1,698,102		$ 23,552,173

{a} Current portion of deferred debt issuance costs PLUS net cash received through funding of the Credit Agreement LESS release of deposits recorded for fees directly relating to the Credit Agreement (deposits reclassified as deferred debt issuance costs).

{b} Long-term portion of deferred debt issuance costs.

{c} Net line of credit borrowings under the PNC Revolving Letter of Credit (to pay closing and other fees under the Credit Agreement) LESS paydown of remaining GWB Revolving Letter of Credit through proceeds received through the additional equity offering to satisfy the conditions pursuant to the Credit Agreement LESS payment of accrued interest under the related party subordinated debt PLUS reclassification from long-term debt to current portion of long-tern debt pursuant to the Credit Agreement. .

{d} Conversion of related party subordinated debt to Units (of common stock and warrants) to satisfy the conditions pursuant to the Credit Agreement LESS reclassification from long-term debt to current portion of long-tern debt pursuant to the Credit Agreement.

{e} Issuance of common stock to accredited investors through an additional equity offering to satisfy the conditions pursuant to the Credit Agreement PLUS the issuance of common stock upon conversion of the related party subordinated debt to satisfy the conditions pursuant to the Credit Agreement.

{f} Additional paid-in-capital for the issuance of shares of common stock to satisfy the conditions pursuant to the Credit Agreement PLUS additional paid-in-capital for the issuance of common stock upon conversion of the related party subordinated debt to satisfy the conditions pursuant to the Credit Agreement PLUS additional paid-in-capital for the issuance of warrants (to accredited investors and holder of related party subordinated debt) to

satisfy the conditions pursuant to the Credit Agreement

{g} Interest expense recorded for accrued interest upon payoff of GWB debt facilities to satisfy the conditions pursuant to the Credit Agreement.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information regarding the results of operations for the three and nine month periods ended September 30, 2012 and 2011, and our financial condition, liquidity and capital resources as of September 30, 2012, and December 31, 2011. The financial statements and the notes thereto contain detailed information that should be referred to in conjunction with this discussion.

Forward-Looking Statements

The information discussed in this Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, increases in oil and gas production, the number of anticipated wells to be drilled after the date hereof, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "believe," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, among others:

- a $595,000 working capital deficit at September 30, 2012 ($2.7 million deficit at December 31, 2011); however, due to the November 2, 2012 refinancing, discussed in Footnote 10 to the Condensed Financial Statements as disclosed within this Form 10Q, this deficit improved to positive working capital of $650,000 (on a pro forma basis);
- our ability to generate sufficient cash flows or other sources of liquidity to repay our debt obligations as they become due;
- future capital requirements and uncertainty of obtaining additional funding on terms acceptable to us;
- availability of borrowings under our credit facility;
- historical incurrence of losses;

- our ability to retain key members of our senior management and key technical employees, and conflicts of interests with respect to our directors;
- effect of seasonal factors on our business operations;
- a decline in oil or natural gas production or oil or natural gas prices, the impact of price volatility in the oil and natural gas industries and the impact of general economic conditions on the demand for the services we offer to the oil and natural gas industries;
- activities of our competitors, many of whom have greater financial resources than we have;
- geographical diversity of our operations and the difficulties inherent in managing such geographically diverse operations;
- ongoing U.S. and global economic uncertainty;
- unanticipated increases in the cost of our operations;

- reliance on limited number of customers and creditworthiness of our customers;
- increases in interest rates and our failure to hedge against possible interest rate increases;
- impact of environmental, health and safety, and other governmental regulations, and of current or pending legislation;
- further sales or issuances of common stock and the potentially dilutive impact such sales or issuances may have on our stockholders; and
- our common stock's high price volatility in the public market and low trading volume.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our filings with the SEC and in Part II, Item 1A of this Quarterly Report. For additional information regarding risks and uncertainties, please read our filings with the SEC under the Exchange Act and the Securities Act, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this Quarterly Report. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Company Overview and Overview of the Information Presented

The Company was incorporated as Aspen Exploration Corporation under the laws of the State of Delaware on February 28, 1980 for the primary purpose of acquiring, exploring and developing oil and natural gas and other mineral properties. On June 30, 2009, Aspen disposed of all of its remaining oil and natural gas producing assets and as a result was no longer engaged in active business operations. On June 24, 2010, Aspen entered into an Agreement and Plan of Merger and Reorganization with Dillco Fluid Service, Inc. ("Dillco") which set forth the terms by which Dillco became a wholly owned subsidiary of Aspen on July 27, 2010 (the "Merger Transaction").

On December 30, 2010, Aspen changed its name to "Enservco Corporation." As such, throughout this report the terms the "Company" and/or "Enservco" are intended to refer to the Company on a post Merger Transaction basis and as a whole, with respect to both historical and forward looking contexts. As a result of the Merger Transaction, the Company's fiscal year was modified to be the calendar year.

Going forward, and subject to the availability of adequate equity and/or debt financing, the Company expects to continue to pursue its growth strategies of exploring additional acquisitions, potentially expanding the geographic areas in which it operates, and diversifying the products and services it provides to customers, as well as making further investments in its assets and equipment. There can be no assurance that the Company will be able to raise outside capital or have access to outside funding on reasonable terms, if at all.

Discussion of Operations for the Three and Nine Months ended September 30, 2012 and 2011

The following table shows the results of operations for the periods noted. Please see information following the table for management's discussion of significant changes.

	For the Three Months Ended September 30,			
	2012	% of Revenue	2011	% of Revenue
	(Unaudited)		(Unaudited)	
Revenues	$5,494,134	100 %	$4,532,274	100 %
Cost of Revenue	5,208,900	95 %	3,952,923	87 %
Gross Profit	285,234	5 %	579,351	13 %
Operating Expenses				
General and administrative expenses	727,097	13 %	1,058,602	23 %
Depreciation and amortization	544,659	10 %	1,215,524	27 %
Total operating expenses	1,271,756	23 %	2,274,126	50 %
Loss from Operations	(986,522)	(18)%	(1,694,775)	(37)%
Other Income (Expense)	25,403	1 %	(162,368)	(4)%
Loss Before Income Tax Benefit	(961,119)	(17)%	(1,857,143)	(41)%
Income Tax Benefit	488,915	9 %	726,719	16 %
Net Loss	$(472,204)	(8)%	$(1,130,424)	(25)%
EBITDA*:				
Net Loss	$(472,204)		$(1,130,424)	
Add (Deduct):				
Interest Expense	211,708		161,642	
Provision for income taxes	(488,915)		(726,719)	
Depreciation and amortization	544,659		1,215,524	
EBITDA*	(204,752)		(479,977)	
Add (Deduct):				
Stock-based compensation	59,198		345,219	
Gain on disposal of equipment	(251,875)		-	
Other expense	14,764		726	
Adjusted EBITDA*	$(382,665)		$(134,032)	
Income Per Common Share:				
Basic	$(0.02)		$(0.05)	
Diluted	$(0.02)		$(0.05)	

Weighted average number of common shares outstanding (used to calculate basic and diluted income per share)		
Basic	21,778,866	21,778,866
Diluted	21,778,866	21,778,866

*Note: See below for discussion of the use of non-GAAP financial measurements.

	For the Nine Months Ended September 30,			
	2012	% of Revenue	2011	% of Revenue
	(Unaudited)		(Unaudited)	
Revenues	$20,659,509	100 %	$18,265,614	100 %
Cost of Revenue	16,521,539	80 %	13,619,711	75 %
Gross Profit	4,137,970	20 %	4,645,903	25 %
Operating Expenses				
General and administrative expenses	2,574,995	12 %	2,450,153	13 %
Depreciation and amortization	2,527,101	12 %	3,410,063	19 %
Total operating expenses	5,102,096	24 %	5,860,216	32 %
Loss from Operations	(964,126)	(4)%	(1,214,313)	(7)%
Other Expense	(321,226)	(2)%	(596,640)	(3)%
Loss Before Income Tax Benefit	(1,285,352)	(6)%	(1,810,953)	(10)%
Income Tax Benefit	651,332	3 %	715,313	4 %
Net Loss	$(634,020)	(3)%	$(1,095,640)	(6)%
EBITDA*:				
Net Loss	$(634,020)		$(1,095,640)	
Add (Deduct):				
Interest Expense	639,712		513.918	
Provision for income taxes	(651,332)		(715,313)	
Depreciation and amortization	2,527,101		3,410,063	
EBITDA*	1,881,461		2,113,028	
Add (Deduct):				
Stock-based compensation	248,459		454,084	
Warrants issued	-		46,353	
(Gain) loss on disposal of equipment	(253,411)		44,286	
Gain on sale of investments	(24,653)		-	
Other (income) expense	(40,422)		38,436	
Adjusted EBITDA*	$1,811,434		$2,696,187	
Income Per Common Share:				
Basic	$(0.03)		$(0.05)	
Diluted	$(0.03)		$(0.05)	
Weighted average number of common shares outstanding (used to calculate basic and diluted income per share)				
Basic	21,778,866		21,778,866	
Diluted	21,778,866		21,778,866	

*Note: See below for discussion of the use of non-GAAP financial measurements.

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Although Enservco does not have segmented business operations, which would require segment reporting within the notes of its financial statements per general accounting standards, we believe that revenue by service offering may be useful to readers of our financials. The following tables set forth revenue information for the Company's three service offerings during the three and nine month periods ending September 30, 2012 and 2011:

	For the Three Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
BY SERVICE OFFERING:		
Fluid Management [1]	$ 2,872,566	$ 2,482,076
Well Enhancement Services [2]	2,199,425	1,538,040
Well Site Construction and Roustabout Services	422,143	512,158
Total Revenues	$ 5,494,134	$ 4,532,274

	For the Nine Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
BY SERVICE OFFERING:		
Fluid Management [1]	$ 7,085,439	$ 7,149,638
Well Enhancement Services [2]	12,847,253	10,019,303
Well Site Construction and Roustabout Services	726,817	1,096,673
Total Revenues	$ 20,659,509	$ 18,265,614

Enservco has also determined that an understanding of the diversity of its operations by geography is important to an understanding of its business operations. Enservco only does business in the United States, in what it believes are three geographically diverse regions. The following table sets forth revenue information for the Company's three geographic regions during the three and nine month periods ending September 30, 2012 and 2011:

	For the Three Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
BY GEOGRAPHY:		
Eastern USA Region [3]	$ 429,974	$ 449,183
Rocky Mountain Region [4]	1,914,770	1,159,582
Central USA Region [5]	3,149,390	2,923,509
Total Revenues	$ 5,494,134	$ 4,532,274

For the Nine Months Ended
September 30,

	2012 (Unaudited)	2011 (Unaudited)
BY GEOGRAPHY:		
Eastern USA Region [3]	$1,969,196	$5,776,057
Rocky Mountain Region [4]	10,322,346	3,957,670
Central USA Region [5]	8,367,967	8,531,887
Total Revenues	$20,659,509	$18,265,614

Notes to tables:

(1) Water hauling/disposal and frac tank rental.

(2) Services such as frac heating, acidizing, hot oil services, and pressure testing.

(3) Consists of operations and services performed in the southern region of the Marcellus Shale formation (southwestern Pennsylvania and northern West Virginia). Heat Waves is the only Company subsidiary operating in this region.

(4) Consists of western Colorado, northeastern Utah, southeastern Wyoming, western North Dakota, and eastern Montana. Heat Waves is the only Company subsidiary operating in this region.

(5) Consists of southwestern Kansas, northwestern Oklahoma, and northern New Mexico. Both Dillco and Heat Waves engage in business operations in this region.

Revenues

For the three and nine months ended September 30, 2012

For the three months ended September 30, 2012, revenues increased by approximately $960,000, or 21%, as compared to the same period in 2011. For the nine months ended September 30, 2012, revenues increased by approximately $2.4 million, or 13%, as compared to the same period in 2011.

On a service offering basis, this included increases for the three month period in revenues from fluid management services and during the three and nine month periods from well enhancement services, and a reduction in revenues for both periods in well site construction services. (Revenues from fluid management services remained approximately the same during the nine month period.)

On a geographical basis, revenues from the eastern USA region decreased significantly during the three and nine months ended September 30, 2012, while revenues from operations in the Rocky Mountain region increased significantly during both periods. Revenues from operations in the Central USA region we slightly down during the three and nine month periods ended September 30, 2012 as compared to the prior year.

Factors that increased revenues during the three and nine months ended September 30, 2012, as compared to 2011:

(1) Opening two new operation centers during September 2011 in a) Cheyenne, Wyoming (to expand service coverage within the D-J Basin and Niobrara formation), and b) Killdeer, North Dakota (to provide new service coverage within the Bakken formation of western North Dakota and eastern Montana). These two new operation centers (located within our Rocky Mountain region), which resulted in additional customers and contracts for our operations Company-wide and throughout each of our service offerings, accounted for the majority of the approximate $1.9 million and $10.3 million of revenues generated in our Rocky Mountain region during the three and nine months ended September 30, 2012, respectively, and the approximately $760,000 and $6.4 million increase, in revenues for the Rocky Mountain region during the same periods in 2011;

(2) Though the Company was affected by higher-than-average temperatures and moderate weather during the first quarter of 2012 (within the regions where the Company performs Well Enhancement services, primarily as it relates to our frac heating and hot oiling services), due to our expansion and organic growth within our Rocky Mountain region we were able to realize a longer heating season during the summer of 2012 as compared to prior years. As such, the Company realized revenues from its Well Enhancement services of approximately $2.2 million and $12.8 million during the three and nine months ended September 30, 2012, respectively. This accounted for an

increase of approximately $660,000 and $2.8 million of revenues generated from our Well Enhancement services during the three and nine months ended September 30, 2012, respectively, as compared to the same periods in 2011;

(3) Due to our expansion and organic growth within our Rocky Mountain and Central USA regions we were also able to pick up additional Fluid Management contracts with key customers during 2012. This accounted for an increase of approximately $800,000 and $1.1 million of revenues generated from our Fluid Management services during the three and nine months ended September 30, 2012, respectively, as compared to the same periods in 2011.

Factors that decreased revenues during the three and nine months ended September 30, 2012 as compared to 2011:

(1) Revenues in the Eastern USA region (the southern Marcellus Shale formation covering southwestern Pennsylvania and northern West Virginia) decreased by approximately $3.8 million during the nine months ended September 30, 2012, as compared to the same period in 2011. Of the decrease during the nine months ended September 30, 2012, approximately $3.2 million relates to Well Enhancement services and $600,000 relates to Fluid Management services;

a. Due to higher-than-average temperatures and moderate weather during the 2011 - 2012 winter season (what has been called one of the warmest winters on record), starting late in the fourth quarter of 2011 and continuing through the first quarter of 2012, we redeployed a majority of the assets from our operation center in the Eastern USA region. As a result, revenues in this region for the nine months ended September 30, 2012 decreased significantly, as noted above;

(2) In spite of the expansion and organic growth within our Rocky Mountain and Central USA regions, resulting in additional Fluid Management contracts with key customers during 2012 as explained above, Fluid Management services within our Dillco Fluid Service, Inc. operations (part of our Central USA region) decreased by approximately $380,000 and $570,000 during the three and nine months ended September 30, 2012, respectively, as compared to the same periods in 2011;

a. The decrease in Fluid Management service revenues during the three and nine months ended September 30, 2012 was largely due to losing a member of our Dillco Fluid Service, Inc. operations management team who took his small number of fluid service trucks and equipment and certain small, independent-customers to explore his own business opportunities.

Historical Seasonality of Revenues. Because of the seasonality of our frac heating and hot oiling business, the second and third quarters are historically our lowest revenue generating periods of our fiscal year. In addition, the revenue mix of our service offerings also changes as our Well Enhancement services (which includes frac heating and hot oiling) decrease as a percentage of total revenues and Fluid Management services and other services increase. The first and fourth quarters of our fiscal year, covering the months during what is known as our "heating season", have historically made up approximately 60% or more of our total fiscal year revenues, with the remaining 40% historically split evenly between the second and third quarters. Thus, the revenues recognized in our quarterly financials in any given period are not indicative of the annual or quarterly revenues through the remainder of our fiscal years.

As an indication of this quarter-to-quarter seasonality, the Company earned approximately $5.6 million and $5.5 million of its 2012 revenues during the second and third quarters of 2012, respectively, while earning approximately $9.5 million during the first quarter of 2012. The 2011 comparison was similar; $4.5 million and $4.5 million in revenues during the second and third quarters of 2011, respectively, as compared to approximately $9.3 million during the first quarter of 2011. While the Company is pursuing various strategies to lessen these quarterly fluctuations by increasing non-seasonal business opportunities, there can be no assurance that we will be successful in doing so.

Costs of Revenues and Gross Profit

For the three months ended September 30, 2012

For the three months ended September 30, 2012, cost of revenue as a percentage of revenues increased by approximately 8%, as compared to the same period in 2011. This resulted in a decreased gross profit margin of approximately $290,000, or 51%, for the third quarter in 2012 when compared to the same period in 2011. This increase in the cost of revenue as a percentage of revenues, and resulting decrease in our profitability rate, for the three month period ending September 30, 2012, was primarily due to the following factors:

(1) As discussed within the Revenues section above, we opened two new operation centers during September 2011 in Cheyenne, Wyoming and Killdeer, North Dakota. As such, for the third quarter 2012 we incurred three months worth of costs associated with keeping these locations fully staffed and operating at capacity, compared to the same period in 2011 in which we only incurred one month of costs (September 2011, upon opening the two new locations); which would explain the increased cost of revenue as a percentage of revenues and decreased gross profit margins during the third quarter 2012 as compared to the same period in 2011;

(2) In addition, during the end of third quarter 2012 we began hiring more operators and drivers throughout the Company's operation centers in order to prepare for the increased demand during the upcoming heating season. Though this hiring phase also took place in the third quarter of 2011, the demand for operators and drivers increased significantly during third quarter 2012 due to expansion and organic growth within our

Rocky Mountain and Central USA regions, which was far beyond the growth and demand experienced in the prior period; which would explain the increased cost of revenue as a percentage of revenues and decreased gross profit margins during the third quarter 2012 as compared to the same period in 2011.

(3) In order to secure equipment for contracts entered into for our Well Site Construction and Roustabout services, and to prepare for a growing market for these services as a result of opening new operating centers as noted above, the Company entered into several construction equipment operating leases during the period;

(4) An overall increase in the price of fuel and other transportation costs during the period; and

(5) An increase in costs for repairs and general maintenance during the period due to the increased truck and equipment fleet; the Company has purchased over $7.5 million of truck and equipment within the last seven quarters.

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For the nine months ended September 30, 2012

Although revenues increased by approximately $2.4 million, or 13%, during the nine months ended September 30, 2012 as compared to the same period of 2011, cost of revenue as a percentage of revenues increased by approximately 5%. This resulted in a decreased gross profit margin of approximately $510,000, or 11%, for the third quarter in 2012 when compared to the same period in 2011. This increase in the cost of revenue as a percentage of revenues and resulting declining profitability rate for the nine months ending September 30, 2012 is primarily due to the following factors:

(1) The Company relies heavily on the ability to generate the majority of its revenues and gross profit during the heating season (during the first and fourth quarters of our fiscal year), when temperatures are generally colder through its frac heating and hot oiling services. During the start of the 2011-2012 heating season, the Company fully staffed its operational centers with drivers and operators in order to meet the expected demand during the heating season. However, due to higher-than-expected temperatures in all Company locations, the expected demand for our heating services (frac heating and hot oiling) did not begin to materialize until midway through the first quarter of 2012, which still did not meet our projections. As such, the Company experienced significant operation costs during the first three to four months within the nine month period ended September 30, 2012 without achieving the expected revenues, resulting in increased cost of revenues as a percentage of revenues, thereby decreasing gross margins;

(2) An increase in labor costs (salary and wages, benefits, etc,) and site overhead during the first three to four months within the nine month period ended September 30, 2012 due to the opening in September 2011 of two new operation centers in Cheyenne, WY and Killdeer, ND. We hired and trained employees at these and each of our locations to meet expected demand in anticipation of a normal heating season. When, as discussed above, revenues were adversely affected by warm weather, we experienced an increase in labor costs as a percentage of revenues;

(3) In order to secure equipment for contracts entered into for our Well Site Construction and Roustabout services, and to prepare for a growing market for these services as a result of opening new operating centers as noted above, the Company entered into several construction equipment operating leases during the period;

(4) An overall increase in the price of fuel and other transportation costs during the period; and

(5) An increase in costs for repairs and general maintenance during the period due to the increased truck and equipment fleet; the Company has purchased over $7.5 million of truck and equipment within the last seven quarters.

General and Administrative Expenses

For the three months ended September 30, 2012

For the three months ended September 30, 2012, general and administrative expenses as a percentage of revenues decreased by 10%, as compared to the same period 2011. As a result, the amount spent on our general and administrative expenses decreased during the three months ending September 30, 2012 by approximately $330,000 or 31%, as compared to the same period in 2011. The decrease is primarily due to the termination of employees during 2012, the elimination of non-cash expenses for stock options granted to terminated employees (all future expenses associated with terminated employees were eliminated in the current period due to forfeiture or cancellation of the option agreements upon termination of the employees), offset by professional fees and other expenses incurred in third quarter 2011 in connection with efforts to refinance our current debt obligations which did not result in executed debt and/or equity agreements during the period and thus were expensed by the Company.

For the nine months ended September 30, 2012

Although general and administrative expenses remained relatively consistent as a percentage of revenues during the nine months ended September 30, 2012, as compared to the same period 2011 (only decreasing by 1%), the amount spent on our general and administrative expenses increased during the nine months ending September 30, 2012 by approximately $125,000 or 5%, as compared to the same period in 2011.

In general, this increase reflects costs incurred by the Company for professional fees in connection with efforts to refinance our current debt obligations and to secure other outside financing (which did not result in executed debt and/or equity agreements during the period and thus were expensed by the Company), costs incurred for corporate franchise taxes (due to the increase in authorized shares), costs incurred to hire outside consultants to manage and oversee our human resources and investor relations, and costs incurred in order to employ and retain experienced personnel to meet corporate management and staff needs; which included increased salary, benefits, and bonus expenses during the period.

Depreciation and Amortization

For the three and nine months ended September 30, 2012

Our depreciation and amortization expenses decreased as a percentage of revenues for the three and nine months ended September 30, 2012, as compared to 2011, by approximately 17% and 7%, respectively. During the second quarter of 2012, the Company reassessed the estimated useful lives of its trucks and equipment (including its well servicing units and equipment, fluid services equipment, construction equipment, and other vehicles) as well as the estimated useful lives of its disposal wells. Through this assessment, the Company increased the useful lives of its trucks and equipment and of its disposal wells. This decrease in depreciation for the three and nine months ending September 30, 2012 due to the change in accounting estimate noted above was offset by an increase in depreciation due to property and equipment purchases during fiscal year 2011 of approximately $5.3 million and another $2.3 million in purchases during the first three quarters of 2012.

Results of Operations

For the three months ended September 30, 2012

For the three months ended September 30, 2012, our loss from operations as a percentage of revenues decreased by approximately 19%, a decrease in loss from operations of approximately $710,000, or 42%, as compared to the same period in 2011. As discussed within the *Cost of Revenues and Gross Profit*, *General and Administrative Expenses,* and *Depreciation and Amortization* sections above, this decrease in our loss from operations during the three months ending September 30, 2012 was primarily a result of a $670,000 or 55% decrease in depreciation expense and a $330,000 or 31% decrease in general and administrative expenses, offset by a decreased gross profit margin of approximately $290,000 or 51%, as compared to the same period in 2011.

For the nine months ended September 30, 2012

Although revenues increased by approximately $2.4 million, or 13%, during the nine months ended September 30, 2012 as compared to the same period of 2011, our loss from operations as a percentage of revenues only decreased by approximately 3%, a decrease in loss from operations of approximately $250,000, or 21%, as compared to the same period in 2011. As discussed within the *Cost of Revenues and Gross Profit*, *General and Administrative Expenses,* and *Depreciation and Amortization* sections above, this decrease in our loss from operations during the nine months ending September 30, 2012 was primarily a result of a $880,000 or 26% decrease in depreciation expense, offset by a

$125,000 or 5% increase in general and administrative expenses and a decreased gross profit margin of approximately $510,000 or 11%, as compared to the same period in 2011.

Income Taxes

For the three and nine months ended September 30, 2012

The decrease in the income tax benefit for the three and nine months ending September 30, 2012 was due to a decrease in the Company's loss before taxes of approximately $900,000 and $525,000, respectively, as compared to the same periods in 2011.

Adjusted EBITDA*

The following table presents a reconciliation of our net income to our Adjusted EBITDA on a historical basis for each of the periods indicated:

	For the Three Months Ended September 30,	
	2012	2011
	(Unaudited)	(Unaudited)
Net Loss	$ (472,204)	$ (1,130,424)
Add (Deduct):		
Interest Expense	211,708	161,642
Provision for income taxes	(488,915)	(726,719)
Depreciation and amortization	544,659	1,215,524
EBITDA*	(204,752)	(479,977)
Add (Deduct):		
Stock-based compensation	59,198	345,219
Warrants issued	-	-
Gain on disposal of equipment	(251,875)	-
Gain on sale of investments	-	-
Other expense	14,764	726
Adjusted EBITDA*	$ (382,665)	$ (134,032)

	For the Nine Months Ended September 30,	
	2012	2011
	(Unaudited)	(Unaudited)
Net Loss	$ (634,020)	$ (1,095,640)
Add (Deduct):		
Interest Expense	639,712	513,918
Provision for income taxes	(651,332)	(715,313)
Depreciation and amortization	2,527,101	3,410,063
EBITDA*	1,881,461	2,113,028
Add (Deduct):		
Stock-based compensation	248,459	454,084
Warrants issued	-	46,353
(Gain) loss on disposal of equipment	(253,411)	44,286
Gain on sale of investments	(24,653)	-
Other (income) expense	(40,422)	38,436

Adjusted EBITDA*	$ 1,811,434	$ 2,696,187

*Note: See below for discussion of the use of non-GAAP financial measurements.

Use of Non-GAAP Financial Measures: Non-GAAP results are presented only as a supplement to the financial statements and for use within management's discussion and analysis based on U.S. generally accepted accounting principles (GAAP). The non-GAAP financial information is provided to enhance the reader's understanding of the Company's financial performance, but no non-GAAP measure should be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures are provided herein.

EBITDA is defined as net income plus or minus net interest plus taxes, depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation and, when appropriate, other items that management does not utilize in assessing the Company's operating performance (see list of these items to follow below). None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income as an indicator of operating performance or any other GAAP measure. Management uses these non-GAAP measures in its operational and financial decision-making, believing that it is useful to eliminate certain items in order to focus on what it deems to be a more reliable indicator of ongoing operating performance and the Company's ability to generate cash flow from operations. Management also believes that investors may find non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures.

All of the items included in the reconciliation from Net Income to EBITDA and from EBITDA to Adjusted EBITDA are either (i) non-cash items (e.g., depreciation, amortization of purchased intangibles, stock-based compensation, etc.) or (ii) items that management does not consider to be useful in assessing the Company's operating performance (e.g., income taxes, gain on sale of investments, loss on disposal of assets, etc.). In the case of the non-cash items, management believes that investors can better assess the Company's operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect the Company's ability to generate free cash flow or invest in its business.

Because not all companies use identical calculations, the Company's presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. However, these measures can still be useful in evaluating the Company's performance against its peer companies because management believes the measures provide users with valuable insight into key components of GAAP financial disclosures.

Changes in Adjusted EBITDA*

Adjusted EBITDA decreased by approximately $250,000 for the three months ended September 30, 2012 and decreased by approximately $890,000 for the nine months ended September 30, 2012, as compared to the same periods in 2011.

For the three months ended September 30, 2012

For the three months ending September 30, 2012, the major components causing the decrease to Adjusted EBITDA were due to:

1) An increase in cost of revenue as a percentage of revenues and associated decrease in gross profit margins due to opening two new operation centers during September 2011 and hiring additional staff in preparation for the increased demand during the upcoming heating season, as explained within the *Cost of Revenues and Gross Profit* section above, and

2) A decrease in non-cash expenses for stock options granted to terminated employees (all future expenses were eliminated in the current period due to forfeiture or cancellation of the option agreements upon termination of the employees), as explained within the *General and Administrative Expenses* section above.

For the nine months ended September 30, 2012

For the nine months ending September 30, 2012, the major components causing the negative change to Adjusted EBITDA were due to:

1) An increase in the Cost of Revenues (decrease in the gross profit margins) during the first half of 2012 due to an increase in labor and site costs in order to fully staff each operation center for the heating season, which resulted in lower-than-expected capacity due to higher-than-average temperatures and moderate weather, and increased labor and site costs for our two new operation centers in North Dakota and Wyoming - as discussed in the *Costs of Revenues & Gross Profit* section above, and

2) An increase in General and Administrative expenses due to costs incurred by the Company for professional fees in connection with efforts to refinance our current debt obligations and to secure other outside financing (which did not result in executed debt and/or equity agreements during the period and thus were expensed by the Company), costs incurred for corporate franchise taxes, costs incurred to hire outside consultants, costs incurred in order to employ and retain experienced personnel to meet corporate management and staff needs, and costs incurred due to the impact of non-cash stock-based compensation expense - as discussed in the *General and Administrative Expenses* section above.

Liquidity and Capital Resources

The following table summarizes our statements of cash flows for the three and nine month periods ended September 30, 2012 and 2011 and (combined with working capital from the above table and discussion below) are important for understanding our liquidity:

	For the Three Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
Net cash provided (used) by operating activities	$ 178,028	$ (156,937)
Net cash provided (used) by investing activities	24,940	(2,185,121)
Net cash (used) provided in financing activities	(380,442)	1,172,580
Net Decrease in Cash and Cash Equivalents	(177,474)	(1,169,478)
Cash and Cash Equivalents, Beginning of Period	635,113	1,695,279
Cash and Cash Equivalents, End of Period	$ 457,639	$ 525,801

	For the Nine Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
Net cash provided by operating activities	$ 2,128,419	$ 3,402,640
Net cash used in investing activities	(1,730,118)	(4,017,035)
Net cash used in financing activities	(357,667)	(497,611)
Net Increase (Decrease) in Cash and Cash Equivalents	40,634	(1,112,006)
Cash and Cash Equivalents, Beginning of Period	417,005	1,637,807
Cash and Cash Equivalents, End of Period	$ 457,639	$ 525,801

The following table sets forth a summary of certain aspects of our balance sheet at September 30, 2012 and December 31, 2011:

	September 30, 2012 (Unaudited)	Pro Forma as Adjusted (Unaudited)	December 31, 2011

Current Assets	$ 6,052,106	$ 7,178,101	$ 6,402,945
Total Assets	21,854,071	23,552,173	22,120,672
Current Liabilities	6,647,264	6,528,136	9,085,572
Total Liabilities	19,135,304	17,418,522	18,993,298
Working Capital (Current Assets net of Current Liabilities)	(595,158)	649,965	(2,682,627)
Stockholders’ equity	2,718,767	6,133,651	3,127,374

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In current and prior periods, we have relied on cash generated from operations, borrowings under our credit facility and the cash that became available to us as a result of the Merger Transaction to satisfy our liquidity needs. Our ability to fund operating cash flow shortfalls, fund capital expenditures, and make acquisitions will depend upon our future operating performance, and more broadly, on the availability of equity and debt financing, of which there can be no assurance and which will be affected by prevailing economic conditions in our industry and financial, business and other factors, some of which are beyond our control. At December 31, 2011, we had approximately $740,000 available under our asset based, revolving credit facility.

As noted within Footnote 10 to the Condensed Financial Statements as disclosed within this Form 10Q, on November 2, 2012, the Company and PNC Bank, National Association ("PNC") entered into a Credit Agreement and other documents by which the Company and its subsidiaries refinanced substantially all of its existing indebtedness with Great Western Bank. This refinancing has positively bolstered our working capital position, as well as provided for an increased revolving credit facility. Based on our existing operating performance, coupled with the recent refinancing, we believe we will have adequate funds to meet operational and capital expenditure needs for fiscal year 2012 and beyond. However, if our estimates about our future operating performance turn out to be inaccurate, or if we are unable to raise additional capital in the absence of positive future operating performance, the Company will adjust its capital expenditures accordingly.

As of September 30, 2012 we had a working capital deficit of approximately $595,000, an increase in working capital of approximately $2.1 million as compared to our 2011 fiscal year end. There were various components contributing to the third quarter 2012 increase in the working capital:

Factors that increased our working capital –

1. A decrease in the current portion of the line of credit (reclassified to long-term debt) of approximately $2.0 million due to the refinancing of our Revolving Letter of Credit subsequent to September 30, 2012; and

2. A decrease in the current portion of the long-term debt (reclassified to long-term debt) of approximately $1.1 million due to the refinancing of our Term Loan subsequent to September 30, 2012.

Factors that had a negative effect on our working capital –

1. A decrease in accounts receivable of approximately $740,000 due to a 14% ($910,000) decrease in revenues from the fourth quarter of 2011 to the third quarter of 2012 due to coming off the heating season during the second quarter of 2012 and also due to collection of several large past due balances during the second and third quarters of 2012 (due to average collection period of 45-60 days on accounts receivable); and

2. A decrease in marketable securities of approximately $150,000 due to the sale of securities at approximately $180,000, offset by the gain on sale of securities by approximately $30,000.

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Investing and Financing Activities

Our capital expenditures for the three and nine months ending September 30, 2012 were approximately $400,000 and $2.3 million, respectively, as compared to approximately $2.1 million and $4.0 million during the same periods in 2011, respectively. Also, in order to fund some of our capital expenditures we sold some of our marketable securities during the first six months of 2012 resulting in proceeds of approximately $180,000 for the nine months ended September 30, 2012. During the three and nine months ended September 30, 2012, we disposed of obsolete or retired trucks and equipment resulting in proceeds of approximately $384,000 and $380,000, respectively. These items combined explain the significant decrease of approximately $2.2 million in the cash used in investing activities during the three months ended September 30, 2012, and the $2.3 million decrease in the cash used in investing activities during the nine months ended September 30, 2012, as compared to the same periods in 2011.

As of December 31, 2011 we had executed commitments for additional expenditures of approximately $500,000. As expected, we purchased most of this equipment in the first three months of 2012. At this time we have no executed commitments for additional expenditures for the remaining three months in 2012.

The increase in cash used in financing activities of approximately $1.6 million for the three months ended September 30, 2012, as compared to the same period in 2011, is primarily due to 1) the issuance of new equipment credit facilities and truck loans (of approximately $560,000) during the third quarter of 2011, and 2) borrowings under the line of credit in the third quarter of 2011 of approximately $1.3 million, due to availability under the line of credit at that time, which was not available during the third quarter of 2012 as we had drawn the maximum amount available under the line of credit prior to third quarter 2012; offset by a $320,000 decrease in the repayment of long-term debt (approximately $385,000 in repayments during the third quarter of 2012 and $705,000 in repayments during the same period 2011) which is the result of an amended loan agreement with our primary lender during third quarter 2012 which resulted, among other things, in an elimination of all required principal payments (loan agreement amended as interest only monthly payments) on our term loan debt through November 2012.

The decrease in cash used in financing activities of approximately $140,000 for the nine months ended September 30, 2012, as compared to the same period in 2011, is primarily due to 1) an increase in net borrowings of approximately $140,000, based on $400,000 borrowings on the revolving line of credit during 2012 as compared to borrowings on the revolving line of credit of approximately $260,000 during 2011, 2) an increase in the proceeds from the issuance of new equipment credit facilities and truck loans of approximately $800,000, based on approximately $1.36 million of proceeds from the issuance of new truck and equipment credit facilities during 2012 as compared to only $560,000 proceeds during 2011; offset by an $800,000 increase in the repayment of long-term debt (approximately $2.1 million in repayments during 2012 and $1.3 million in repayments during 2011) which is the result (as discussed above) of the issuance of new equipment credit facilities and truck loans during 2012.

Capital Commitments and Obligations

The Company's capital commitments and obligations as of September 30, 2012 consisted of the Term Loan, the Revolving Line of Credit, the Equipment Loans, the Real Estate Loan received to fund the new operation center in North Dakota, as well as certain capital and operating leases and a related party subordinated debt. General terms and conditions for, and amounts due under, these commitments and obligations are summarized in the notes to the Condensed Consolidated Financial Statements. Although these obligations are not obligations of Enservco itself, as of the date of this report they are obligations and commitments of the Company on a consolidated basis and may affect the Company's liquidity and financial obligations going forward.

Going forward, and subject to the availability of adequate funds as generated through cash flows from operation and financing activities, the Company hopes to expand its business operations by expanding its operations into new regions of the country, acquiring additional equipment, increasing the volume of services we currently offer, expanding the services it offers to its customers, and engaging in strategic transactions with companies that offer services that are similar or complementary to those that the Company offers.

Management has taken various preliminary steps to explore geographical and service offering expansion. To fully implement certain of these activities the Company likely will need to raise additional capital or borrow funds from its existing lender(s) or from other third parties. The Company believes that it can utilize cash flows to finance its current plans. However, should the Company desire to engage in certain strategic transactions or other significant expansions of its business operations it will likely have to obtain outside financing. There can be no assurance that financing will be available to the Company on reasonable terms, if at all.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements.

Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition. Our significant accounting policies are disclosed in Note 2 to the Condensed Consolidated Financial Statements included in this Form 10-Q.

While all of the significant accounting policies are important to the Company's financial statements, the following accounting policies and the estimates derived there from have been identified as being critical.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides a reserve for doubtful accounts based on a review of outstanding receivables, historical collection information and existing economic conditions. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance.

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, the fee is fixed determinable, services are provided, and collection is reasonably assured.

Property and Equipment

Property and equipment consists of (1) trucks, trailers and pickups; (2) trucks that are in various stages of fabrication; (3) real property which includes land and buildings used for office and shop facilities and wells used for the disposal of water; and (4) other equipment such as tools used for maintaining and repairing vehicles, office furniture and fixtures, and computer equipment. Property and equipment is stated at cost less accumulated depreciation. The Company charges repairs and maintenance against income when incurred and capitalizes renewals and betterments, which extend the remaining useful life or expand the capacity of the assets. Depreciation is recorded on a straight-line basis over estimated useful lives of 5 to 30 years.

During fiscal year 2012, the Company reassessed the estimated useful lives of its trucks and equipment (including its well servicing units and equipment, fluid services equipment, construction equipment, and other vehicles) as well as the estimated useful lives of its disposal wells. Through this assessment, the Company increased the useful lives of its trucks and equipment from 5-7 years to 10 years, and increased the useful lives of its disposal wells from 7-10 years to 15 years. The Company has determined that this adjustment to its useful lives is a change in accounting estimate and has accounted for the change prospectively; i.e. the accounting change impacts interim reporting periods within fiscal year 2012 and future periods. For the three and nine months ended September 30, 2012, the change in accounting estimate lowered depreciation for the periods by approximately $860,000 and $1,720,000 (pre-tax difference), decreasing Loss from Operations and Net Loss by this amount, or by approximately $0.02 and $0.03 earnings per basic and diluted common share, respectively.

Inventory

Inventory consists primarily of diesel fuel and chemicals that are used in the servicing of oil wells and is carried at the lower of cost or market in accordance with the first in, first out method. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged to cost of goods sold.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the discounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

Intangible Assets

Non-Competition Agreements. The non-competition agreements with the sellers of Heat Waves, Hot Oil Express, and Dillco have finite lives and are being amortized over a five-year period. Amortization expense is expected to be recognized through June 2013.

Goodwill. Goodwill represents the excess of the cost over the fair value of net assets acquired, including identified intangible assets, recorded in connection with the acquisitions of Heat Waves. Goodwill is not amortized but is assessed for impairment at least annually.

Impairment. The Company assesses goodwill and intangible assets with indefinite lives for impairment at the reporting unit level on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Guidance requires that the impairment test be performed through the application of a two-step fair value test. The Company utilizes this two-step method and recognizes a goodwill impairment loss in the event that the fair value of the reporting unit does not exceed its carrying value. During fiscal year ending December 31, 2011, the Company performed the annual impairment test and determined that no impairment existed. As of September 30, 2012, the Company did not note any events that occurred, nor did any circumstances change, that would result in an impairment of goodwill or intangible assets with indefinite lives as of the last annual test performed.

Income Taxes

Enservco LLC (which served as the holding company for the Company's various operating entities until the time of the Merger Transaction in July 2010) and its subsidiaries, with the exception of Dillco (which is a C Corporation subject to federal and state income taxes), are limited liability companies and prior to January 1, 2010 were not subject to federal or state income taxes. On January 1, 2010 Enservco LLC elected to be taxed as a corporation. Therefore, prior to January 1, 2010 no provision or liability for income taxes has been included in the accompanying financial statements, except for income taxes relating to the financial statements of Dillco and Aspen (the current parent (or

holding) company for the Company's operations and assets).

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized, based upon an assessment of both negative and positive evidence, in future tax returns.

The Company accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex.

Laws and regulations in this area are voluminous and are often ambiguous. As such, the Company is required to make many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to the Company's subjective assumptions and judgments which can materially affect amounts recognized in the consolidated balance sheets and consolidated statements of income. The result of the reassessment of the Company's tax positions did not have an impact on the consolidated financial statements.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed as of September 30, 2012. The Company files tax returns in the United States, in the states of Colorado, Kansas, Pennsylvania and Utah. The tax years 2008 through 2010 remain open to examination in the taxing jurisdictions to which the Company is subject.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Standards Codification 718, "Stock Compensation", which requires companies to recognize compensation expense for the share-based payments based on the estimated fair value of the awards.

Off Balance Sheet Arrangements

Other than the guarantees made by Enservco (as the parent Company) and by Mr. Herman on various loan agreements, the Company had no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our stockholders.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "1934 Act"), as of September 30, 2012, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer). Based upon and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2012.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the 1934 Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were not any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated by the SEC under the 1934 Act) during the quarter ended September 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. LEGAL PROCEEDINGS

There are no material pending legal or regulatory proceedings against the Company, and it is not aware of any that are known to be contemplated.

Item 1A. RISK FACTORS

See the risk factors set forth in the Company's annual report on Form 10-K for the year ended December 31, 2011. There have been no material changes to the risk factors set forth in that Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended September 30, 2012 the Company did not engage in, or effect, any unregistered sales of equity securities.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. *MINE SAFETY DISCLOSURES*

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit No.	Title
2.01	Agreement and Plan of Merger and Reorganization dated June 24, 2010. (1)
3.01	Second Amended and Restated Certificate of Incorporation. (2)
3.02	Amended and Restated Bylaws. (3)
11.1	Statement of Computation of per share earnings (contained in Note 2 to the Condensed Consolidated Financial Statements).
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Michael Herman, Principal Executive Officer). Filed herewith.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rick D. Kasch, Principal Financial Officer). Filed herewith.
32	Certification Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Michael D. Herman, Chief Executive Officer, and Rick D. Kasch, Chief Financial Officer). Filed herewith.

(1) Incorporated by reference from the Company’s Current Report on Form 8-K dated June 24, 2010 and filed on the same date.

(2) Incorporated by reference from the Company’s Current Report on Form 8-K dated December 30, 2010, and filed on January 4, 2011.

(3) Incorporated by reference from the Company’s Current Report on Form 8-K dated July 27, 2010, and filed on July 28, 2010.

In accordance with the requirements of the Securities Exchange Act of 1934, we have duly caused this report to be signed on our behalf by the undersigned, thereunto duly authorized.

ENSERVCO CORPORATION

Date: November 9, 2012 /s/ Michael D. Herman
Michael D. Herman, Chairman and Chief Executive Officer (Principal Executive Officer)

Date: November 9, 2012 /s/ Rick D. Kasch
Rick D. Kasch, President and Chief Financial Officer (Principal Financial Officer)