

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

FORM 10-QSB

- Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2006
- Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period from _____ to _____

Commission file number: 0-9435

FieldPoint Petroleum Corporation

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

Colorado
(State or Other Jurisdiction of
Incorporation or Organization)

84-0811034
(I.R.S. Employer
Identification No.)

1703 Edelweiss Drive
Cedar Park, Texas 78613
(Address of Principal Executive Offices) (Zip Code)

(512) 250-8692
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

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

As of July 31, 2006, the number of shares outstanding of the Registrant's \$.01 par value Common Stock was 8,730,175.

Transitional Small Business Disclosure Format (Check one):
Yes _____ No X

PART I
Item 1. Condensed Consolidated Financial Statements

FieldPoint Petroleum Corporation
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>ASSETS</u>	June 30, <u>2006</u> (unaudited)	December 31, <u>2005</u> *
CURRENT ASSETS:			
Cash and cash equivalents		\$ 865,149	\$ 206,873
Restricted cash		-	550,170
Short-term investments		681,528	650,995
Accounts receivable:			
Oil and natural gas sales		487,645	486,664
Joint interest billings, less allowance for doubtful accounts of \$99,192 each period		150,403	114,957
Income tax receivable		154,000	154,000
Prepaid expenses and other current assets		<u>24,535</u>	<u>30,535</u>
Total current assets		2,363,260	2,194,194
PROPERTY AND EQUIPMENT:			
Oil and natural gas properties (successful efforts method):			
Unproved leasehold costs		98,040	98,040
Proved leasehold costs		7,323,765	6,338,498
Lease and well equipment		1,879,609	1,781,118
Furniture and equipment		24,628	24,628
Transportation equipment		64,620	55,300
Less accumulated depletion and depreciation		<u>(3,106,562)</u>	<u>(2,913,562)</u>
Net property and equipment		6,284,100	5,384,022
LONG-TERM JOINT INTEREST BILLING			
RECEIVABLE , less allowance for doubtful accounts of \$44,624 each period		<u>38,157</u>	<u>38,157</u>
Total assets		<u>\$ 8,685,517</u>	<u>\$ 7,616,373</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES:			
Current portion of long-term debt		\$ -	\$ 150,000
Accounts payable and accrued expenses		247,212	75,974
Oil and natural gas revenues payable		<u>109,025</u>	<u>103,980</u>
Total current liabilities		356,237	329,954
DEFERRED INCOME TAXES		709,000	584,000
ASSET RETIREMENT OBLIGATION		566,253	549,885
STOCKHOLDERS' EQUITY:			
Common stock, \$.01 par value, 75,000,000 shares authorized; 8,730,175 and 8,465,175 shares issued and outstanding, respectively		87,301	84,651
Additional paid-in capital		3,797,762	3,628,162
Treasury stock 160,000 shares of common stock each period		(18,600)	(18,600)
Retained earnings		<u>3,187,564</u>	<u>2,458,321</u>
Total stockholders' equity		<u>7,054,027</u>	<u>6,152,534</u>
Total liabilities and stockholders' equity		<u>\$ 8,685,517</u>	<u>\$ 7,616,373</u>

*Derived from audited balances at December 31, 2005.

See accompanying notes to these condensed consolidated financial statements.

FieldPoint Petroleum Corporation
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
REVENUE:				
Oil and natural gas sales	\$ 1,032,091	\$ 861,355	\$ 2,062,053	\$ 1,689,057
Well operational and pumping fees	29,968	29,968	59,936	59,936
Disposal fees	<u>15,000</u>	<u>16,736</u>	<u>27,000</u>	<u>32,736</u>
Total revenue	1,077,059	908,059	2,148,989	1,781,729
COSTS AND EXPENSES:				
Production expense	352,379	233,086	665,480	535,436
Depletion and depreciation	111,000	110,500	222,000	213,218
General and administrative	<u>151,800</u>	<u>160,520</u>	<u>249,623</u>	<u>292,155</u>
Total costs and expenses	615,179	504,106	1,137,103	1,040,809
OTHER INCOME (EXPENSE):				
Interest income (expense), net	1,966	(23,199)	1,233	(45,651)
Realized gain on investments	-	2,342	-	27,566
Unrealized holding gain (loss) on investments	(3,426)	(26,979)	30,533	(1,979)
Gain on sale of property and equipment	17,320	78,945	17,320	85,000
Miscellaneous income	<u>-</u>	<u>19,659</u>	<u>25,271</u>	<u>14,725</u>
Total other income	<u>15,860</u>	<u>50,768</u>	<u>74,357</u>	<u>79,661</u>
INCOME BEFORE INCOME TAXES	477,740	454,721	1,086,243	820,581
INCOME TAX PROVISION				
CURRENT	100,000	178,200	232,000	257,400
DEFERRED	<u>50,000</u>	<u>(4,000)</u>	<u>125,000</u>	<u>38,900</u>
NET INCOME	<u>\$ 327,740</u>	<u>\$ 280,521</u>	<u>\$ 729,243</u>	<u>\$ 524,281</u>
NET INCOME PER SHARE:				
BASIC	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>
DILUTED	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>
WEIGHTED AVERAGE SHARES OUTSTANDING:				
BASIC	<u>8,674,461</u>	<u>7,709,845</u>	<u>8,580,775</u>	<u>7,694,311</u>
DILUTED	<u>8,801,611</u>	<u>8,388,908</u>	<u>8,794,052</u>	<u>8,390,819</u>

See accompanying notes to these condensed consolidated financial statements.

FieldPoint Petroleum Corporation
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>June 30,</u>	
	<u>2006</u> (unaudited)	<u>2005</u> (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 729,243	\$524,281
Adjustments to reconcile to net cash provided by operating activities:		
Purchase from short-term investments	-	(75,904)
Proceeds from sale of short-term investments	-	126,912
Unrealized holding(gains)losses on short-term investments	(30,533)	1,979
Realized gains on disposition of short term investments	-	(27,566)
Gain on sale of property and equipment	(17,320)	(85,000)
Income tax benefit on exercise of stock options	-	61,000
Depletion and depreciation	222,000	213,218
Deferred income taxes	125,000	38,900
Accretion expense	16,368	12,388
Changes in assets and liabilities:		
Restricted cash	550,170	-
Accounts receivable	(36,427)	(21,676)
Prepaid expenses and other current assets	6,000	(44,999)
Accounts payable and accrued expenses	171,238	163,801
Oil and natural gas revenues payable	5,045	14,408
Other	-	(229)
Net cash provided by operating activities	<u>1,740,784</u>	<u>901,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to oil and natural gas properties	(1,083,758)	(503,408)
Additions to transportation equipment	(38,320)	-
Proceeds from sale of property and equipment	<u>17,320</u>	<u>185,000</u>
Net cash used in investing activities	(1,104,758)	(318,408)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(150,000)	(292,090)
Proceeds from exercise of stock options	<u>172,250</u>	<u>55,000</u>
Net cash provided by financing activities	22,250	(237,090)
NET INCREASE IN CASH	658,276	346,015
CASH, beginning of the period	<u>206,873</u>	<u>458,447</u>
CASH, end of the period	<u>\$ 865,149</u>	<u>\$ 804,462</u>

See accompanying notes to these condensed consolidated financial statements.

FieldPoint Petroleum Corporation
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business, Organization and Basis of Preparation and Presentation

FieldPoint Petroleum Corporation (the "Company") is incorporated under the laws of the state of Colorado. The Company is engaged in the acquisition, operation and development of oil and natural gas properties, which are located in Louisiana, New Mexico, Oklahoma, Texas, and Wyoming.

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which consist only of normal recurring adjustments) necessary to present fairly the financial position and results of operations for the periods presented have been made. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-KSB filing for the year ended December 31, 2005.

2. Stock Based Compensation

Adoption of SFAS No. 123(R)

Effective January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standard 123(R) "*Share-Based Payment*" ("SFAS 123(R)") using the modified prospective transition method. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 "*Share-Based Payment*" ("SAB 107") in March, 2005, which provides supplemental SFAS 123(R) application guidance based on the views of the SEC. Under the modified prospective transition method, compensation cost recognized includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted beginning January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In accordance with the modified prospective transition method, results for prior periods have not been restated. The adoption of SFAS 123(R) resulted in no stock compensation expense as no options were issued or vested during three and six months ended June 30, 2006.

The Black-Scholes option-pricing model was used to estimate the option fair values. The option-pricing model requires a number of assumptions, of which the most significant are expected stock price volatility, the expected pre-vesting forfeiture rate and the expected option term (the amount of time from the grant date until the options are exercised or expire). Expected volatility was calculated based upon actual historical stock price movements. The expected option term was calculated using the "simplified" method permitted by SAB 107. The expected forfeiture rate was based on historical experience and expectations about future forfeitures.

Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees using the intrinsic value method described in Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*, and its related interpretations.

Pro-Forma Stock Compensation Expense for the three and six month Periods Ended June 30, 2005

For the three and six periods ended June 30, 2005, the Company applied the intrinsic value method of accounting for stock options as prescribed by APB 25. Since no options were granted and all options vesting during the quarterly period ended June 30, 2005 had an exercise price equal to the closing market price of the underlying common stock on the grant date, no compensation expense was recognized. If compensation expense had been recognized based on the estimated fair value of each option granted in accordance with the provisions of SFAS 123 as amended by Statement of Financial Accounting Standard 148, our net income and net income per share would have been reduced to the following pro-forma amounts:

	Three Months Ended <u>June 30, 2005</u>	Six Months Ended <u>June 30, 2005</u>
Net income, as reported	\$280,521	\$524,281
Compensation expense under Opinion 25	-	-
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards (net of tax)	-	-
Income available to stockholders, pro forma	<u>\$280,521</u>	<u>\$524,281</u>
Earnings per share:		
Basic, as reported	\$0.04	\$0.07
Basic, pro forma	\$0.04	\$0.07
Diluted, as reported	\$0.03	\$0.06
Diluted, pro forma	\$0.03	\$0.06

Pro-forma compensation expense under SFAS 123, among other computational differences, does not consider potential pre-vesting forfeitures. In accordance with the modified prospective transition method of SFAS 123(R), the prior comparative quarterly results have not been restated.

Stock Option Plan

The Company issued stock options under a non-qualified stock option plan (the Plan), which was board of director approved. The plan permits the grant of share options and shares to its employees and directors for up to 100,000 shares of common stock. The Company believes that such awards better align the interests of its employees and directors with those of its stockholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on one to three years of continuous service and have two to three year contractual terms. Share awards generally vest over six months to one year. No options were granted during the year ended December 31, 2005 or for the three or six months ended June 30, 2006.

A summary of option activity under the plan as of June 30, 2006 is presented below.

	Number of Stock <u>Options</u>	Weighted Average Exercise <u>Price</u>	Weighted Average Remaining Contractual <u>Life (years)</u>	Aggregate Intrinsic <u>Value</u>
Outstanding, January 1, 2006	405,000	\$0.65		
Granted	—	—		
Exercised	(265,000)	\$0.65		
Forfeited or expired	—	—		
Outstanding, June 30, 2006	<u>140,000</u>	<u>\$0.65</u>	<u>1.00</u>	<u>\$561,400</u>
Exercisable, June 30, 2006	140,000	\$0.65	1.00	\$561,400

The total intrinsic value or the difference between the exercise price and the market price on the date of exercise, of options exercised during the three and six month periods ended June 30, 2006, was approximately \$1,144,800 and \$1,330,550 respectively. Cash received from stock options exercised during the three and six month periods ended June 30, 2006 was \$156,000 and \$172,250, respectfully. All of the options outstanding and exercisable have an exercise price of \$0.65 per share. The Company had no unvested options and no unrecognized compensation cost as of December 31, 2005 or June 30, 2006. The Company recognized no compensation expense for stock options during the three and six months ended June 30, 2006.

3. Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share takes common stock equivalents (such as options and warrants) into consideration. The following table sets forth the computation of basic and diluted earnings per share:

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>JUNE 30,</u>		<u>JUNE 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Numerator:				
Net income	\$ 327,740	\$ 280,521	\$ 729,243	\$ 524,281
Numerator for basic and diluted earnings per share	327,740	280,521	729,243	524,281
Denominator:				
Denominator for basic earnings per share – weighted average shares outstanding	8,674,461	7,709,845	8,580,775	7,694,311
Effect of dilutive securities:				
Stock options	127,150	431,295	213,277	460,364
Warrants	-	247,768	-	236,144
Dilutive potential common shares	<u>127,150</u>	<u>679,063</u>	<u>213,277</u>	<u>696,508</u>
Denominator for diluted earnings per share – Adjusted weighted Average shares	<u>8,801,611</u>	<u>8,388,908</u>	<u>8,794,052</u>	<u>8,390,819</u>
Basic earnings per share	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.07
Diluted earnings per share	\$ 0.04	\$ 0.03	\$ 0.08	\$ 0.06

4. Asset Retirement Obligation

In August 2001, the FASB issued Statement No. 143, *Accounting for Asset Retirement Obligations*. That standard requires entities to record the fair value of a liability for an asset retirement obligation (“ARO”) in the period in which it was incurred.

The following table shows the changes in the balance of the ARO during the three months ended June 30, 2006.

Asset retirement obligation at December 31, 2005	\$549,885
Asset retirement accretion expense	16,368
Less: plugging cost	-
Asset retirement obligation at June 30, 2006	<u>\$566,253</u>

PART I
Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion should be read in conjunction with the Company's Condensed Consolidated Financial Statements, and respective notes thereto, included elsewhere herein. The information below should not be construed to imply that the results discussed herein will necessarily continue into the future or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of the management of FieldPoint Petroleum Corporation.

General

FieldPoint Petroleum Corporation derives its revenues from its operating activities including sales of oil and natural gas and operating oil and natural gas properties. The Company's capital for investment in producing oil and natural gas properties has been provided by cash flow from operating activities, and from bank financing. The Company categorizes its operating expenses into the categories of production expenses and other expenses.

Comparison of three months ended June 30, 2006 to the three months ended June 30, 2005

Results of Operations

Total revenues increased 19% or \$169,000 to \$1,077,059 for the three month period ended June 30, 2006 from the comparable 2005 period, this was due primarily to the overall increase in oil and natural gas sales. Production volumes remained unchanged on a BOE basis. Average oil sales prices increased 32% to \$63.57 for the period ended June 30, 2006 compared to \$48.16 for the period ended June 30, 2005. Average gas sales prices increased 52% to \$7.14 for the three month period ended June 30, 2006 compared to \$4.70 for the period ended June 30, 2005.

	Quarter Ended June 30,	
	<u>2006</u>	<u>2005</u>
Oil Production	12,260	15,700
Average Sales Price Per Bbl (\$/Bbl)	\$ 63.57	\$ 48.16
Gas Production	35,363	22,370
Average Sales Price Per Mcf (\$/Mcf)	\$ 7.14	\$ 4.70

Production expenses increased 51% or \$119,293 to \$352,379 for the three month period ended June 30, 2006 from the comparable 2005 period, this was primarily due to the acquisition of oil and natural gas properties and additional workovers in the form of remedial repairs in the 2006 period. Depletion and depreciation remained stable at \$111,000 for the three month period ended June 30, 2006 versus the comparable period. General and administrative overhead cost decreased 5% or \$8,720 to \$151,800 for the three month period ended June 30, 2006 from the three month period ended June 30 2005. This was primarily due to a decrease in investor relations and administrative expense in the 2006 period.

Net other income for the three months ended June 30, 2006 was \$15,860 compared to \$50,768 for the 2005 period. This decrease was primarily due to a realized gain on the sale of properties of \$78,945 during the 2005 period.

Comparison of six months ended June 30, 2006 to the six months ended June 30, 2005

Results of Operations

Total revenues increased 21% or \$367,260 to \$2,148,989 for the six month period ended June 30, 2006 from \$1,781,729 for the comparable 2005 period due to the overall increase in oil and natural gas prices. Production

volumes decreased 6% on a BOE basis. Average oil sales prices increased 34% to \$62.45 for the period ended June 30, 2006 compared to \$46.74 for the period ended June 30, 2005. Average gas sales prices increased 47% to \$7.18 for the six month period ended June 30, 2006 compared to \$4.87 for the period ended June 30, 2005.

	Six months Ended June 30,	
	<u>2006</u>	<u>2005</u>
Oil Production	25,261	31,704
Average Sales Price Per Bbl (\$/Bbl)	\$ 62.45	\$ 46.74
Gas Production	67,431	42,572
Average Sales Price Per Mcf (\$/Mcf)	\$ 7.18	\$ 4.87

Production expenses increased 24% or \$130,044 to \$665,480 for the six month period ended June 30, 2006 from the comparable 2005 period, this was primarily due to the increase in workovers and remedial repairs for the period ended June 30, 2006. Depletion and depreciation expense increased 4% to \$222,000, compared to \$213,218 for the 2005 period. This was primarily due to increases in oil and natural gas properties resulting in a increase in the depletion rate. General and administrative overhead cost decreased 15% or \$42,532 to \$249,623 for the six month period ended June 30, 2006 from the six month period ended June 30, 2005. This was attributable to a decrease in investor relations and administrative expense.

Net other income for the six months ended June 30, 2006 was \$74,357 compared to \$79,661 for the comparable 2005 period. The decrease was primarily due to a gain on sale of properties in 2005.

Liquidity and Capital Resources

Cash flow provided by operating activities was \$1,740,784 for the six month period ended June 30, 2006, as compared to cash flow provided by operating activities of \$901,513 in the 2005 period. The increase in cash from operating activities was primarily due to net income, increased deferred income taxes, increases in restricted cash, offset by unrealized holding gains of short term investments in the period.

Cash flow used in investing activities was \$1,104,758 for the period ended June 30, 2006 as compared to \$318,408 used in investing activities for the period ended June 30, 2005. This was primarily due to the acquisition of oil and natural gas properties in 2006. Cash flow used in financing activities was \$22,250 for the period ended June 30, 2006, compared to a cash flow used in financing activities of \$237,090 for the same period in 2005, the decrease was due to proceeds received from the exercise of stock options.

The Company adopted SFAS 123(R) on January 1, 2006. The adoption of SFAS 123(R) had no impact on the condensed consolidated financial statements during the three or six months ending June 30, 2006. The Company did not grant or have any options vest during the period ending June 30, 2006.

PART I

Item 3. CONTROLS AND PROCEDURES

- a) The Company's Principal Executive Officer and Principal Financial Officer, Ray Reaves, has established and is currently maintaining disclosure controls and procedures for the Company. As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2005. Based upon that evaluation and the material weakness described in our 10-KSB, our principal executive officer and principal financial officer concluded that at the end of the period covered by this quarterly report on Form 10-QSB, our disclosure controls and procedures were not adequate due to a material weakness relating to the recording of the deferred income tax provision in our 10-KSB. We are in the process of improving our internal control over financial reporting in an effort to remediate this deficiency. This deficiency has been disclosed to our Board of Directors. Additional effort is needed to fully remedy this deficiency and we are continuing our efforts to improve and strengthen our control processes and procedures.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Default Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

Exhibits

31 Certification

32 Certification Pursuant to U.S.C. Section 1350

Reports on Form 8-K

None.

SIGNATURES

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

Date: August 14, 2006

By: /s/ Ray Reaves

Ray Reaves, President, Chief Executive
Officer, Treasurer and Chief Financial Officer