



## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

The aggregate market value of the 790,000 shares of the issuer's outstanding common stock held by non-affiliates of the issuer was \$79,000 as of June 28, 2003. The stock price for computation purposes was \$0.10 per share which is the opening price that has been applied for in the issuer's NASD OTC Bulletin Board application. Presently there is no market for the issuer's securities.

The issuer had 1,690,000 shares of its common stock issued and outstanding as of June 28, 2003, the latest practicable date before the filing of this report.

### VISTA EXPLORATION CORPORATION

#### INDEX TO ANNUAL REPORT ON FORM 10-KSB

	Page
PART I.....	4
Item 1. Description of Business.....	4
Item 2. Description of Property.....	9
Item 3. Legal Proceedings.....	9
Item 4. Submission of Matters to a Vote of Security Holders.....	9
PART II.....	10
Item 5. Market for Common Equity and Related Stockholder Matters....	10
Item 6. Plan of Operation.....	12
Item 7. Financial Statements.....	13
Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.....	13
PART III.....	13
Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.....	13
Item 10. Executive Compensation.....	14
Item 11. Security Ownership of Certain Beneficial Owners and Management.....	15
Item 12. Certain Relationships and Related Transactions.....	16
Item 13. Exhibits and Reports on Form 8-K.....	18
Item 14. Controls and Procedures.....	18
Item 15. Principal Accountant Fees and Services.....	19

#### PART I

##### Forward-Looking Statements

This report on Form 10-KSB contains forward-looking statements that concern our business. Such statements are not guarantees of future performance and actual results or developments could differ materially from those expressed or

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

implied in such statements as a result of certain factors, including those factors set forth in "Description of Our Business," "Plan of Operation" and elsewhere in this report. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe, intend or anticipate will or may occur in the future, including the following matters, are forward looking statements:

- o our ability to locate and negotiate a transaction with a private entity desiring to become a public company;
- o our ability to raise enough capital to continue operations pending a merger or acquisition transaction;
- o the ability of the successor management to file and have declared effective a registration statement, re-registering the resale of our common shares;
- o the continued demand for shell corporations; and
- o the expansion and growth of our operations.

These statements are based on certain assumptions and analyses made by us in light of our experience and our product research. Such statements are subject to a number of assumptions including the following:

- o risks and uncertainties, including the risks discussed in this annual report,
- o general economic and business conditions,
- o the business opportunities that may be presented to and pursued by us, and
- o changes in laws or regulations and other factors, many of which are beyond our control.

The cautionary statements contained or referred to in this report should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. We undertake no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

3

Item 1.  
Our history:

We were incorporated in Colorado on April 9, 1998 as a "blank check" company for the purpose of evaluating, structuring, and completing a merger with or acquisition of a privately owned corporation. Our purpose was to provide a method for a foreign or domestic private company to become a reporting (or public) company whose securities would be qualified for trading in the United States secondary market. In furtherance of these goals, on September 13, 1999, our management voluntarily filed a Registration Statement on Form 10-KSB with the Securities and Exchange Commission and we became a reporting company. Our management also actively sought a suitable acquisition or merger candidate but did not find one.

On or about March 3, 2001, we and our largest shareholder, Corporate Management Services, Inc. (or "CMS") entered into an Agreement for the Purchase of Common Stock whereby CMS sold a controlling interest in the Company to Charles A. Ross, Sr. for the purpose of changing us from an inactive company to an oil and gas company. Prior to entering into the Stock Purchase Agreement, Mr. Ross was not affiliated with us and did not own any of our common stock. In

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

connection with the sale, our then sole officer and director, Mr. George Andrews, resigned and Mr. Ross became our president and sole director. We moved our principal place of business from Littleton, Colorado to Shawnee Mission, Kansas and we changed our fiscal year-end from April 30 to March 31 of each year. Subsequently, we changed our name from Bail Corporation to Vista Exploration, our current name and commenced operations toward investing in oil and gas properties. In the spring of 2001, we investigated acquiring 125,000 acres in the northeast region of Alabama but dropped the project when we were unable to get comfortable with the title to the properties we were looking at. Subsequently, we attempted to acquire drilling interests on approximately 3,500 acres in Uintah County, Utah but later determined that we did not have the financial resources to adequately determine the appropriate drilling locations and determined to pass on this opportunity as well. Subsequently, we became interested in a coalbed methane play in southeast Kansas. As of February 1, 2002, we had entered into 115 separate leases covering approximately 15,388 acres in Coffey and Lyon Counties, Kansas. All of the leases required annual payments of \$10.00 per acre to maintain the lease. However, as a result of our very poor financial condition as discussed hereinafter, we were unable to make the annual lease payments during 2003 and our leases expired. At the present time, we no longer have any oil and gas properties under lease, active drilling sites or any other interests in oil and gas properties.

Following Mr. Ross's acquiring control of the Company in the spring of 2001, we sold 4,680,000 common shares in three private offerings for net proceeds of \$217,543 after deducting offering costs of approximately \$35,457. During July 2001, the Company filed a Registration Statement to register for resale certain of the common shares sold to the original shareholders of Vista and a majority of the shares sold in the recent private placements. That registration statement was declared effective in April of 2002 immediately followed by an application by the Company for a trading symbol with the NASD which would allow us to commence trading on the Over The Counter Bulletin Board ("OTCBB"). As part of the process to obtain the trading symbol, the NASD objected to certain of the Company's shareholders who it was determined had prior regulatory problems with the NASD and SEC. As part of this procedure, it also was determined that several non-offensive shareholders were introduced to the Company by some of the shareholders who had regulatory issues. As a result of the objections imposed by the NASD, the Company determined to rescind the sales of most of the private placement shares sold during 2001 and entered into settlement agreements with a total of ten shareholders owning a total of 4,400,000 shares of the 4,860,000 sold in the private offerings. Our management was able to essentially repurchase the shares in exchange for the original purchase price of a total of \$158,696.80 which was paid by the issuance of corporate promissory notes in that amount as the Company had no cash available to it. The notes were repayable on November 14, 2002 unless the payment would be prohibited pursuant to the terms of Section 7-106-401 of the Colorado Business Corporation Act that restricts a company's ability to pay for a stock redemption during any period of time when such a redemption would cause it to be insolvent. Under these circumstances the notes automatically extend without interest until August 14, 2003, after which date the notes have the same restrictions on repayment however, they commence accruing interest at the lowest available applicable federal rates. The notes are guaranteed by Mr. Ross, however, the guaranty cannot be enforced until such time as the notes may be repaid pursuant to Colorado law but have not been repaid. At the time of the issuance of the above referenced notes, the Company received back all 4,400,000 shares of its common stock being repurchased which shares were cancelled back into authorized but unissued capital of the Company. Immediately upon confirmation of the stock repurchase, the NASD approved the Company's request for a trading symbol and the Company received a trading symbol of "VXPL". However, trading has not yet commenced in the Company's common stock.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

As a result of our inability to fund oil and gas operations (partially due to our need to repurchase the shares) management determined to revise our plan of operations back to the original plan of seeking a merger with or acquisition of an operating business desiring to become a public company.

### Plan of Operation

At March 31, 2003, the Company has a working capital deficit of \$349,166. The Company has insufficient capital with which to provide merger or acquisition candidates with substantial cash or other assets. However, Management believes the Company will offer owners of potential merger or acquisition candidates the opportunity to acquire a controlling ownership interest in a public company at substantially less cost than is required to conduct an initial public offering. The target company will, however, incur significant post-merger or acquisition registration costs in the event target company shareholders wish to offer a portion of their shares for subsequent sale. Further, while target company shareholders will receive "restricted securities" in any merger or acquisition transaction, those restricted securities will represent, if a trading market develops for the Company's common stock, ownership in a "publicly-traded" as opposed to a "privately-held" company. Management also believes target company shareholders may benefit in obtaining a greater ownership percentage in the Company remaining after a merger or acquisition that may be the case in the event a target company offered its shares directly for sale to the public. Nevertheless, the Officers and Directors of the Company have not conducted market research and are not aware of statistical data that would support the perceived benefits of a merger or acquisition transaction for target company shareholders.

The Company expects to concentrate primarily on the identification and evaluation of prospective merger or acquisition "target" entities including private companies, partnerships or sole proprietorships. The Company does not intend to act as a general or limited partner in connection with partnerships it may merge with or acquire. Management has not identified any particular area of interest within which the Company will concentrate its efforts.

Management contemplates that the Company will seek to merge with or acquire a target company with either assets or earnings, or both, and that preliminary evaluations undertaken by the Company will assist in identifying possible target companies. The Company has not established a specific level of earnings or assets below which the Company would not consider a merger or acquisition with a target company. Moreover, management may identify a target company which is generating losses which it will seek to acquire or merge with the Company. The merger with or acquisition of a target company which is generating losses or which has negative shareholders' equity may have a material adverse effect on the price of the Company's Common Shares.

### Plan of Acquisition

The Company intends to follow a systematic approach to identify its most suitable acquisition candidates.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

First, management intends to concentrate on identifying any number of preliminary prospects which may be brought to the attention of management through present associations or by virtue of the very limited advertising campaign the Company may conduct. Management will then apply certain of its broad criteria to the preliminary prospects. Essentially, this will entail a determination by management as to whether or not the prospects are in an industry which appears promising and whether or not the prospects themselves have potential within their own industries. During this initial screening process, management will ask and receive answers to questions framed to provide appropriate threshold information, depending upon the nature of the prospect's business. Such evaluation is not expected to be an in-depth analysis of the target company's operations although it will encompass a look at most, if not all, of the same areas to be examined once one or more target companies are selected for an in-depth review. For instance, at this stage, management may look at a prospect's unaudited balance sheet. Once a prospect is selected for an in-depth review, management will review the prospect's audited financial statements. Nevertheless, management anticipates this evaluation will provide a broad overview of the business of the target company and should allow a large percentage of preliminary prospects to be eliminated from further consideration.

Assuming management is able to complete the preliminary evaluation process and select a limited number of companies for further study, of which there can be no assurance, the Company may enter into preliminary negotiations with target company management in order to obtain detailed financial and operational information. Following the Company's receipt of such information, management will conduct an in-depth analysis of five (5) major areas of concern with respect to the target company as follows:

1. **Managerial and Financial Stability.** Management of the Company will review audited financial statements of the target company and will also research the background of each director and member of management of the target company in order to discern whether the stability of the Company is such that further negotiations are warranted.

2. **Industry Status.** Management will research the potential of the target company's industry. The concern here is whether the industry is in a growth, stagnant or declining stage.

6

3. **Production of Product.** If the target company is a manufacturer, management will review whether it has the necessary resources or access to the necessary resources and supplies to produce a quality product in a timely manner.

4. **Acceptance and Potential of Product.** Management will review the acceptance of the target company's product in the marketplace. Management will also review whether or not the product is realistic (therefore, is there potential for the product to be workable and for it to fulfill its intended purpose).

5. **Development of Target Company.** Management will review the target company's stage of development (examples: start-up stage, established company, etc.)

The foregoing is an outline of the areas of concern which most often arise

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

and merit careful scrutiny by management. Because of the possible varieties of target companies which may come to the attention of management, additional factors will most likely be considered in any given analysis. Also, the procedures used in such a review are expected to vary depending upon the target company being analyzed. Management may select a target company for further negotiations even though the target may not receive a favorable evaluation as to some of the five areas of concern.

Management considers it unlikely that it will evaluate more than two or three firms on this basis in view of capital and managerial time constraints. Following the identification of at most one or two target companies which appear to be suitable merger or acquisition candidates, the Company expects to commission appraisals, professional studies of reserve and asset reports to be conducted by outside consultants. The Company has limited funds with which to engage consultants and, accordingly, management intends to conserve such funds pending management's evaluation.

Management expects to enter into further negotiations with target company management following successful conclusion of financial and evaluation studies. Negotiations with target company management will be expected to focus on the percentage of the Company which target company shareholders would acquire in exchange for their shareholdings in the target company. Depending upon, among other things, the target company's assets and liabilities, the Company's shareholders will in all likelihood hold a lesser percentage ownership interest in the Company following any merger or acquisition. The percentage ownership may be subject to significant reduction in the event the Company acquires a target company with substantial assets. Any merger or acquisition effected by the Company can be expected to have a significant dilutive effect on the percentage of shares held by the Company's then-shareholders.

7

The final stage of any merger or acquisition to be effected by the Company will require the Company to retain the services of its counsel and a qualified accounting firm in order to properly effect the merger or acquisition. The Company may be expected to incur significant legal fees and accounting costs during the final stage of a merger or acquisition. Also, if the merger or acquisition is successfully completed, management anticipates that certain costs will be incurred for public relations, such as the dissemination of information to the public, to the shareholders and to the financial community. If the Company is unable to complete the merger or acquisition for any reason, the Company's capital may be substantially depleted if legal fees and accounting costs have been incurred. Management intends to retain legal and accounting services only on an as-needed basis in the latter stages of a proposed merger or acquisition. Due to the very limited resources we may have to seek additional financing in order to continue operations.

### Competition

The Company will remain an insignificant participant among the firms which engage in mergers with and acquisitions of privately-financed entities. There are many established venture capital and financial concerns which have significantly greater financial and personnel resources and technical expertise than the Company. In view of the Company's combined limited financial resources and limited management availability, the Company will continue to be at a significant competitive disadvantage compared to the Company's competitors.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

### Regulation and Taxation

The Company could be subject to regulation under the Investment Company Act of 1940 in the event the Company obtains and continues to hold a minority interest in a number of entities. However, management intends to seek at most one or two mergers or acquisitions and management's plan of operation is based upon the Company obtaining a controlling interest in any merger or acquisition target company and, accordingly, the Company may be required to discontinue any prospective merger or acquisition of any company in which a controlling interest will not be obtained.

The Company could also be required to register under the Investment Company Act of 1940 in the event the Company comes within the definition of an Investment Company contained in that Act due to its assets consisting principally of shareholdings held in a number of subsidiaries. Management intends to seek at most one or two mergers or acquisitions, which transactions will not result in the Company holding an interest in any subsidiaries.

8

Any securities which the Company acquires in exchange for its Common Stock will be "restricted securities" within the meaning of the Securities Act of 1933 (the "1933 Act"). If the Company elected to resell such securities, such sale could not proceed unless a registration statement had been declared effective by the Securities and Exchange Commission or an exemption from registration was available. Section 4(1) of the 1933 Act, which exempts sales of securities not involving a distribution, would in all likelihood be available to permit a private sale if various restrictions pertaining to such a sale are complied with. Although management's plan of operation does not contemplate resale of securities acquired, in the event such a sale were necessary, the Company would be required to comply with the provisions of the 1933 Act.

In the event the Company were to successfully complete a merger or acquisition following the conclusion of this offering, the 1933 Act may require the "integration" of any exchange offer of the Company's Common Shares with the public offering of the Company's Common Shares hereunder. Integration of an exchange offer with this offering is not expected to cause the Company to exceed applicable dollar limitations under the 1933 Act.

As a condition to any merger or acquisition, it is possible target company management may request registration of the Company's Common Shares to be received by target company shareholders. In such event, the Company could incur registration costs, and management intends to require the target company to bear most, if not all, of the cost of any such registration. Alternatively, the Company may issue "restricted securities" to any prospective target company, which securities may be subsequently registered for sale or sold in accordance with Rule 144 of the Securities Act of 1933.

The Company intends to structure a merger or acquisition in such a manner as to minimize federal and state tax consequences to the Company and any target company.

### Item 2. Description of Property.

In April 2001, we moved our headquarters to 11952 Farley, Shawnee Mission, Kansas 66213, where we occupy offices in the home of our sole officer and



## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

director at no cost to us. Mr. Ross has agreed to continue this arrangement until we make other arrangements.

### Item 3. Legal Proceedings.

We do not know of any pending or threatened legal proceedings to which we are a party. We also are not aware of any proceedings being contemplated by governmental authorities against us.

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

There were no items submitted to a vote of security holders during the fourth quarter of the year ended March 31, 2003.

9

## PART II

### Item 5. Market for Common Equity and Related Stockholder Matters

#### (a) Principal Market or Markets

The company's stock was granted the symbol "VXPL" on December 31, 2002 to permit it to trade on the Over the Counter Bulletin Board ("OTCBB"). To date upon information there have been no trades in the Company's stock. A registration statement on Form SB-2 was declared effective in April of 2002 and subsequently a post-effective Amendment was declared effective in July of 2002. However, the information contained in the Registration Statement is currently out of date and no trading can occur in reliance on that Registration Statement until it is subsequently amended. At the present time, Public Securities, an NASD market maker, has posted a bid of \$.05 and an ask price of \$.15 for our securities. We plan on filing a post-effective Amendment to our Registration Statement as soon as practicable subsequent to engaging in a merger or acquisition transaction.

(b) Recent Sales of Unregistered Securities During the most recent three years, the Registrant has sold securities which were not registered a follows:

Date	Name	No. of Shares	Consideration
(1) April 23, 2001	Jeffery P. Frazier	1,000,000	\$10,000
(2) April 23, 2001	Terrie L. Pham	1,000,000	\$10,000
(3) April 25, 2001	Gary J. Grieco	1,000,000	\$10,000
(4) April 30, 2001	3 shareholders	100,000 each/ 300,000 total	\$1,000 each/ \$3,000 total
(5) June 7, 2001	Gary J. Grieco	250,000	\$25,000
(6) June 7, 2001	Mallard Management Inc.	250,000	\$25,000
(7) June 7, 2001	Harvey M. Burstein	250,000	\$25,000
(8) June 28, 2001	The Hedge Fund, LLC	360,000	\$90,000
(9) Dec. 1, 2001	U.S. Capital Growth Fund, L.L.C. (principal, Kevin Luetje)	250,000	\$25,000
(10) Jan. 14, 2002	Smania Francesco (Verona, Italy)	100,000	\$15,000
(11) Jan. 14, 2002	Baciga Marino (Verona, Italy)	100,000	\$15,000

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

(12) April 1, 2002;			
November 11, 2003	Option Grants	2,000,000	\$.10 exercise

The sales by the Registrant listed in lines (1) through (12) were made pursuant to Section 4(2) and Rule 506 of Regulation D adopted under the Securities Act of 1933. All of the purchasers listed in lines (1) through (12) are "accredited investors" as defined in Rule 501 of Regulation D and represented their status as such to the Registrant in writing.

No underwriter or selling or placement agent was involved in any of the transactions described in lines (1) through (9) and (12) above. A finders fee of approximately \$1,500 was paid to a non-U.S. finder with respect to the overseas sales listed in lines (10) and (11).

All of the individuals and/or entities listed above that purchased the unregistered securities were all known to the Registrant and its management through pre-existing business or personal relationships, as long standing business associates, friends, employees, relatives or members of the immediate family or management or other shareholders. All purchasers were provided access to the material information that they requested and all information necessary to verify such information, and were afforded access to management of the Registrant in connection with their purchases. All purchasers of the unregistered securities acquired such securities for investment and not with a view toward distribution, acknowledging such intent to the Registrant.

10

During the third quarter of 2003 the company repurchased all but 460,000 of the shares sold in these private placements.

(c) Approximate Number of Holders of Common Stock. The number of holders of record of our common stock as of July 11, 2003, was approximately 65.

(d) Dividends. Holders of our common stock are entitled to receive such dividends as may be declared by our Board of Directors. We did not declare or pay any dividends on our common stock during the periods reported herein nor do we anticipate paying dividends in the foreseeable future.

(e) Securities Authorized for Issuance Under Equity Compensation Plans. The following table sets forth information regarding our equity compensation plans as of the most recently completed fiscal year.

Equity Compensation Plans:	# of Securities to be Issued Upon Exercise of Outstanding Options, Warrants & Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants & Rights	# of Securities Available for Future Issuance Under Equity Compensation Plans
Approved by security holders	0	\$0.00	0
Not approved by	2,000,000	\$0.10/ share	0 (2)

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

security holders

- (1) Excluding securities issuable upon the exercise of outstanding options, warrants and rights.
- (2) There are no current plans to issue additional options.

Pursuant to an employment agreement entered into with our president as of April 1, 2003, we granted him options to acquire 500,000 shares of our common stock at a purchase price of \$0.10 per share for a period of five years. The options immediately vested on April 1, 2003. We have agreed to use our best efforts to register, on or before June 29, 2003, the shares of common stock issuable upon exercise of the options. If we terminate our president's employment with cause, or if he terminates the employment agreement by resigning, the options will expire six months after such termination. On November 11, 2002, we granted an additional 1,500,000 option to Owen Enterprises, LLC and Laredo Enterprises, LLC. These options vested immediately and will expire on November 10, 2007 if not exercised. They are exercisable for \$.10 per share.

11

### Item 6. Plan of Operation.

#### Liquidity and Capital Resources

Our auditors included an explanatory paragraph in their opinion on our financial statements for the year ended March 31, 2003, to state that our losses since inception and our net capital deficit at March 31, 2003 raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon raising additional capital and achieving profitable operations. There is no guarantee that our business plans will be successful in addressing this issue.

During the fiscal year ended March 31, 2003, we had no revenues and spent approximately \$200,000 pursuing our business plan and becoming a publicly trading company, including \$95,000 in compensation paid to our president, and \$96,881 in legal and accounting fees. These fees were incurred in connection with preparing for filing the registration statement that was declared effective on April 23, 2003. At March 31, 2003, we had cash of \$853, and current liabilities of \$350,019.

Due to our lack of funds, we have not yet developed a formal budget for the next fiscal year. Since we were unable to pay annual renewal fees for our leases we were required to take charges for impairment of oil and gas properties of \$40,832.

#### Our Capital Requirements

We will need to raise additional funds to finance our planned operations during the next 12 months to locate and complete a merger with or acquisition of a business opportunity.

We currently do not have any binding commitments for, or readily available

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

sources of, additional financing. There is no guarantee that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we do not obtain additional financing we will not be able to implement our plan to locate and complete a merger with or acquisition of a business opportunity. Furthermore, we could be forced to cease our operations and liquidate our assets.

If we do not obtain additional financing through an equity or debt offering, we may attempt to acquire a private company with adequate cash to pay our accrued and current debt, however, this could result in greater dilution to our current shareholders.

12

### Employees

We currently have no full time employees. Our president has agreed to devote as much time to our activities as is required to implement our plan of operation. In July 2001 we retained two independent leasing consultants to help us lease land for our oil and gas operations. We terminated our agreements with the independent leasing consultants in October 2001 and December 2001.

### Item 7. Financial Statements.

The independent auditors' report and the financial statements listed on the accompanying index at page F-1 of this report are filed as part of this report and incorporated herein by reference.

### Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

We did not have any disagreements on accounting and financial disclosure with our present accounting firm during the reporting period.

## PART III

### Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

(a) Directors and Executive Officers. The names and ages of our current directors and executive officers are as follows:

Name	Age	Position	Term
----	---	-----	----
Charles A. Ross, Sr.	63	Director and President	April 2001 to August 2004

Charles A. Ross, Sr. has been our President and a Director since April 10, 2001. Mr. Ross has agreed to devote as much time to our activities as is required to implement our new plan of operation. In addition to Vista, Mr. Ross devotes some of his time to a new venture called ICOP Digital, Inc., a development stage company developing electronic surveillance equipment for law enforcement agencies.

From January 2001 through March 2001, Mr. Ross was exploring opportunities in the oil and gas business, which led to his investment in us. From July 1999

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

until December 2000, he owned and operated a business that supplied recruiting and business cards to a number of multi-level marketing companies. From June 1998 through July 1999, Mr. Ross was self-employed designing musical instrument amplifiers, an industry in which he has been involved since the 1960's.

From August 1995 until May 1998, he was the President and CEO and a director of Edgerton Technology, Inc. and from July 1996 until May 1998 he was the Chairman of the Board, President, CEO and Treasurer of Edgerton Musical Amplifiers, Inc. From August 1992 to August 1995, Mr. Ross was a self-employed consultant and investor.

Other public companies in which Mr. Ross served as an officer or director include Copilot Electronic Products, Inc. from 1989 to 1992, Birdview Satellite Communications, Inc. from 1981 to 1986, and Kustom Electronics, Inc. from 1965 to 1973. In 1968 he was named Kansas Small Businessman of the Year by the Small Business Administration.

13

Our board of directors consists of three directors and we currently have two vacancies. Under our Articles of Incorporation, our board is evenly divided into three classes, Class A, Class B and Class C. The initial Class A director, Mr. Ross, was elected for 3 years. The term of the initial Class B director is 2 years, and the term of the initial Class C director is 1 year. Upon the expiration of the initial staggered terms, directors will be elected for terms of three years, to succeed those whose terms have expired. Mr. Ross is actively seeking additional qualified individuals to serve as directors on our board.

### Section 16(a) Beneficial Reporting Compliance

Under U.S. securities laws, directors, executive officers and persons holding more than 10% of our common stock must report their initial ownership of the common stock and any changes in that ownership on reports that must be filed with the SEC and us. The SEC has designated specific deadlines for these reports and we must identify in this Form 10-KSB those persons who did not file these reports when due.

Based upon information provided to us by our directors, executive officers and persons holding more than 10% of our common stock, we believe that there were no late filings except the final statements of ownership for Gary Grieco, Mallard Management, and Harvey H. Burstein were not filed.

### Item 10. Executive Compensation.

The following table sets out the annual compensation paid to our officers for the last three completed fiscal years. No executive officer of ours received annual compensation in excess of \$100,000 during the last three completed fiscal years.

#### Summary Compensation Table

Long-Term Compensation

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

Name and Principal Position	Fiscal Year Ending	Annual Compensation			Awards		
		Salary (\$)	Bonus (\$)	Other Annual Comp.	Restricted Stock Awards (\$)	Securities Underlying Options/ SARs (#)	LTIP Payouts
Charles Ross, President	3/31/03	\$95,000	0	0	0	500,000	0
	3/31/02	\$40,000	0	0	0	0	0

Option Exercises and Values

Pursuant to an employment agreement entered into with Mr. Charles Ross as of April 1, 2003, we have granted Mr. Ross options to acquire 500,000 shares of our common stock at a purchase price of \$0.10 per share for a period of five years. The options immediately vested on April 1, 2003. We have agreed to use our best efforts to register, on or before June 29, 2003, the shares of common stock issuable upon exercise of the options. If we terminate Mr. Ross' employment with cause, or if he terminates the employment agreement by resigning, the options will expire six months after such termination.

Name and Principal Position	Option/SAR Grants in Last Fiscal Year (Individual Grants)			Exercise or base price (\$/Sh)
	Number of Securities Underlying Options/SARs granted (#)	Percent of total options/SARs granted to employees in fiscal year		
Charles Ross, President	500,000	100%		\$ .10

Long-Term Incentive Plans

We do not have any long-term incentive plans. No retirement, pension, profit sharing, stock option, insurance programs or other similar programs have been adopted by us for the benefit of our employees.

Employment Contracts and Termination of Employment Arrangements

Effective as of April 1, 2002, we entered into an employment agreement with Mr. Charles Ross pursuant to which he will serve as our President and we will compensate him \$30,000 per year for his services. Mr. Ross has agreed to defer payment of his salary until the earliest to occur of the following events: (i) we have raised an additional \$200,000 in debt or equity capital; (ii) we have begun generating revenues from operations; (iii) there is a change in control of the company; or (iv) October 1, 2003. The initial term of employment is from April 1, 2002, through March 31, 2003, and will be extended automatically for additional one-year terms unless either party notifies the other of its intent to not renew at least 30 days before the expiration of the then-current term.

Pursuant to the employment agreement, we will employ Mr. Ross for a minimum

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

of one year, unless he dies, resigns or becomes disabled, or we terminate the employment for cause. If we terminate the employment agreement for any other reason during the first year, he will be entitled to receive his entire first year salary (\$30,000) minus any amounts of first-year salary actually paid on or before the date of termination. If we terminate the employment agreement for any other reason during any subsequent year, he is entitled to receive, in addition to his salary and any prorated bonuses, severance equal to six months' salary for each full year of employment he has completed for us and continuation of his employee benefits for a period of six months.

### Director Compensation

None of our directors received any compensation during our most recent fiscal year for serving in their position as directors. If we do have funds available in the future, we likely will reimburse our directors for expenses incurred by them in their duties as a director.

### Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth information regarding beneficial ownership as of July 11, 2003, of Vista Exploration Corporation common stock by any person who we know to be the beneficial owner of more than 5% of our voting securities, and by each of our directors and executive officers and by our directors and executive officers as a group. As of July 11, 2003 there were 1,690,000 shares of our common stock issued and outstanding.

All beneficial owners listed below have sole voting and investment power with respect to the shares shown, unless otherwise indicated.

15

Name and Address of Beneficial Owner -----	Common Stock Beneficially Owned (1) -----	Percent of Class Beneficially Owned -----
Charles A. Ross, Sr., Director and President 11952 Farley Shawnee Mission, KS 66213	1,400,000 (2)	21.24%
All directors and executive officers as a group (1 person):	1,400,000	21.24%
David Owen 19933 West 162nd Street Olathe, KS 66062	1,500,000 (3)	47.02%

-----

(1) According to Rule 13d-3 under the Securities Exchange Act of 1934, a beneficial owner of securities includes any person who directly or indirectly has, or shares, voting power and/or investment power with respect to such securities. Rule 13d-3 also includes as a beneficial owner of a security any person who has the right to acquire beneficial ownership of such security within 60 days through any means, including the exercise

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

of any option, warrant or conversion of a security. Any securities not outstanding which are subject to such options, warrants or conversion privileges are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person. Those securities are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.

- (2) Includes 500,000 shares of common stock issuable upon the exercise of outstanding options.
- (3) Consists of 1,500,000 options exercisable at \$.10 per share owned by Owen Enterprises, LLC and Laredo Enterprises, LLC of which Mr. Owen is a control person.

### Item 12. Certain Relationships and Related Transactions.

On April 11, 1998, we issued a total of 1,000,000 shares of our common stock to Corporate Management Services, Inc., or CMS, in exchange for services related to management and organization costs of \$500. Mr. George Andrews, our sole officer and director until April 2001, is the sole director and a 50% shareholder of CMS. From April 11, 1998, to April 10, 2001, CMS provided us with administrative and marketing services on an as-needed basis without additional charge.

Additionally, from our inception to March 31, 2001, we incurred an expense of \$100 per month for rent and other administrative services that were performed by CMS on our behalf. As of March 31, 2001, we had incurred rent and administrative service expenses totaling \$3,600, which amount has been credited to additional paid-in capital on our financial statements.

16

From April 11, 1998, to April 10, 2001, CMS advanced to us any additional funds which we needed for operating capital and for costs in connection with searching for or completing an acquisition or merger. Such advances were made without expectation of repayment (other than offsets of earned interest) unless the owners of a business which we acquired or merged with agreed to repay all or a portion of such advances. As of March 31, 2001, CMS had advanced a total of \$5,155 to us for legal, accounting, general and administrative expenses, which amount was treated as an accrued liability on our financial statements but which was forgiven by CMS as of April 30, 2001. No funds were advanced to us by CMS subsequent to March 2001.

On or about March 3, 2001, we and CMS entered into an Agreement for the Purchase of Common Stock with Charles A. Ross, Sr. pursuant to which CMS sold 900,000 shares of our common stock to Mr. Ross for \$1,000. Pursuant to that agreement, on April 10, 2001, Mr. Andrews resigned as our sole officer and director and Mr. Ross became our sole officer and director.

On June 17, 2001, we acquired a one-year option for a lease on 4,560 acres in Island Township, Blaine County, Montana from Geominerals Corp. for \$1,400. Geominerals Corp. is controlled by George Andrews, our former president and director. If we exercise the option, we will pay \$2.50 per acre for a total purchase price of \$10,000 (after credit of the amount paid for the option). However, we currently do not intend to exercise this option.

In anticipation of Mr. Charles Ross' acquisition of shares from CMS, he advanced to us \$10,500 for working capital on February 28, 2001. The advance



## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

carried no interest rate and was payable on demand. We repaid the advance in April 2001 from the proceeds of our private placement in April 2001. Mr. Ross also paid travel and administrative expenses totaling \$6,115 on our behalf prior to March 31, 2001, and \$18,403 during the fiscal year ended March 31, 2003. Mr. Ross received reimbursements and advances from us totaling \$32,783 during the fiscal year ended March 31, 2003. The net advance of \$8,265 is included in our financial statements as expenses advanced to an officer at March 31, 2003.

During November 2002, Laredo Enterprises, LLC and Owen Enterprises, LLC loaned us \$2,500 and \$7,500 respectively and received 500,000 and 1,000,000 options respectively as consideration for the loan and for consulting services to be rendered for strategic planning and asset acquisitions. The Note is a demand Note bearing interest at the rate of 5% per annum. The options are exercisable for a period of five years at a price of \$.10 per share of common stock.

17

Item 13. Exhibits and Reports on Form 8-K.

(a) The following exhibits are furnished as part of this report:

Exhibit No.	Description
-----	-----
3.1	Articles of Incorporation (incorporated by reference to Exhibit 2.1 of the Registration Statement on Form 10-SB filed with the Commission on September 13, 1999).
3.2	First Articles of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 of the Form 8-K filed August 16, 2001).
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Form 8-K filed August 16, 2001).
10.1	Agreement for the Purchase of Common Stock dated as of February 27, 2001, and effective as of March 3, 2001, by and between Corporate Management Services, Inc., Bail Corporation and Charles A. Ross, Sr. (incorporated by reference to Exhibit 7.1 of the Form 8-K filed March 9, 2001).
10.2	Mutual Release dated as of April 30, 2001, between Bail Corporation and Corporate Management Services, Inc. (incorporated by reference to Exhibit 10.2 of the 10-KSB for the period ended March 31, 2001).
10.3	Agreement dated June 22, 2001, between Bail Corporation, TCC Royalty Corp. and Austin Exploration L.L.C. regarding Shiloh Project / Cherokee Basin Coal Bed Methane (incorporated by reference to Exhibit 10.2 of the 10-KSB for the period ended March 31, 2001).
10.4	Form of Oil and Gas Lease (incorporated by reference to Exhibit 10.4 to Vista Exploration Corporation's Registration Statement on Form SB-2 filed with the Commission on March 8, 2003 (file No. 333-65798)).
10.5	Employment Agreement dated as of April 1, 2003, between Vista Exploration Corporation and Charles A. Ross, Sr. (incorporated by reference to Exhibit 10.4 to Vista Exploration Corporation's Registration Statement on Form SB-2 filed with the Commission on April 23, 2003 (file No. 333-65798)).
10.6	First Amendment to Employment Agreement between Vista Exploration

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

Corporation and Charles A. Ross, Sr. dated as of June 1, 2003 (incorporated by reference to Exhibit 10.6 to Form 10-KSB for year ended March 31, 2002 (file No. 000-27321)).

- 99.1 Rule 13a-14 Certification.\*
- 99.2 Section 1350 Certification.\*

-----  
\* Filed herewith.

(b) Reports on Form 8-K.  
  
None.

Item 14. Controls and Procedures.

Currently we have only one employee who is also our sole officer and director and therefore we have not adopted any specific internal controls or any disclosure controls and procedures. There have been no changes in our internal controls or in any other factors that could impact our controls subsequent to our date of evaluation.

Item 15. Principal Accountant Fees and Services

	2002	2003
-----		
1) Audit fees	\$9,435	\$3,675
2) Audit related fees and services*	675	150
3) Fees for tax related services	0	0
4) All other fees	0	0

\*Fees for the review of registration statements.

Item 1. Financial Statements

VISTA EXPLORATION CORPORATION  
Index to Financial Statements

	Page
	-----
Report of Independent Auditors.....	F-2
Balance Sheet at March 31, 2003.....	F-3
Statements of Operations for the years	

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

ended March 31, 2003 and 2002..... F-4

Statement of Changes in Shareholders' Deficit for the period from  
April 9, 1998 (inception) through March 31, 2003..... F-5

Statements of Cash Flows for the years  
ended March 31, 2003 and 2002..... F-6

Notes to Financial Statements..... F-7

F-1

Report of Independent Auditors

To the Board of Directors and Shareholders  
Vista Exploration Corporation (formerly Bail Corporation)

We have audited the balance sheet of Vista Exploration Corporation (formerly Bail Corporation) as of March 31, 2003 and the related statements of operations, changes in shareholders' deficit and cash flows for the years ended March 31, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vista Exploration Corporation as of March 31, 2003, and the related statements of operations and cash flows for the years ended March 31, 2003 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses since inception and has a net capital deficit at March 31, 2003. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Cordovano and Harvey, P.C.  
-----  
Cordovano and Harvey, P.C.

Denver, Colorado  
June 20, 2003

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

VISTA EXPLORATION CORPORATION

Balance Sheet

March 31, 2003

ASSETS

Current assets:

Cash .....	\$	853
		-----
Total current assets		853

Oil and gas properties, at cost, net of impairment .....		--
		-----
	\$	853
		=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts Payable .....	\$	164,622
Loans from Shareholder .....		16,700
Notes Payable .....		158,697
Notes Payable, related parties .....		10,000
		-----
Total current liabilities		350,019
		-----

Shareholders' equity:

Preferred Stock, no par value, 5,000,000 shares authorized, -0- shares issued and outstanding .....		--
Common stock, no par value, 50,000,000 shares authorized, 1,690,000 shares issued and outstanding .....		65,119
Stock options outstanding .....		80,000
Deficit accumulated .....		(494,285)
		-----
Total shareholders' equity		(349,166)
		-----

\$ 853  
=====

See accompanying notes to financial statements

F-3

VISTA EXPLORATION CORPORATION

Statements of Operations

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

	Year Ended March 31,	
	2003	2002
Costs and expenses:		
Legal fees .....	\$ 84,591	\$ 116,455
Accounting fees .....	12,290	10,650
Travel .....	4,112	26,305
General and administrative .....	4,191	15,763
Compensation .....	95,000	40,000
Project evaluation costs .....	--	28,902
Impairment of oil and gas properties .....	40,832	--
Operating loss	(241,016)	(238,075)
Interest income .....	--	--
Interest expense .....	(379)	--
Loss before income taxes	(241,395)	(238,075)
Provision for income taxes .....	--	--
Net loss	\$ (241,395)	\$ (238,075)
Basic and diluted loss per common share .....	\$ (0.06)	\$ (0.04)
Basic and diluted weighted average common shares outstanding .....	3,715,205	5,375,233

See accompanying notes to financial statements

F-4

VISTA EXPLORATION CORPORATION

Statement of Changes in Shareholders' Deficit

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance at inception, April 9, 1998 .....	--	\$ --	--	\$ --
April 1998, common stock issued in				

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

exchange for services and organizational costs (Note 2) .....	--	--	1,000,000	500
Contributed rent (Note 2) .....	--	--	--	--
Net loss .....	--	--	--	--
	-----	-----	-----	-----
Balance at April 30, 1998 .....	--	--	1,000,000	500
May 1998, sale of common stock net of offering costs of \$127 (Note 2) ...	--	--	230,000	2,173
Contributed rent (Note 2) .....	--	--	--	--
Net loss .....	--	--	--	--
	-----	-----	-----	-----
Balance at April 30, 1999 .....	--	--	1,230,000	2,673
Contributed rent (Note 2) .....	--	--	--	--
Net loss .....	--	--	--	--
	-----	-----	-----	-----
Balance at April 30, 2000 .....	--	--	1,230,000	2,673
Contributed rent (Note 2) .....	--	--	--	--
Net loss for the eleven months ended March 31, 2001 ...	--	--	--	--
	-----	-----	-----	-----
Balance at March 31, 2001 .....	--	--	1,230,000	2,673
April 2001, sale of common stock, \$.01 per share (Note 4) .....	--	--	3,300,000	33,000
June 2001, sale of common stock, \$.10 per share (Note 4) .....	--	--	750,000	75,000
June 2001, sale of common stock, \$.25 per share (Note 4) .....	--	--	360,000	90,000
December 2001, sale of common stock, \$.10 per share (Note 4) .....	--	--	250,000	25,000
January 2002, sale of common stock, \$.15 per share (Note 4) .....	--	--	200,000	30,000
Offering costs incurred (Note 4) .....	--	--	(35,457)	--
Net loss .....	--	--	--	--
	-----	-----	-----	-----
Balance at March 31, 2002 .....	--	--	6,090,000	220,216
September 2002, repurchase and cancellation of common stock (Note 4) .....	--	--	(4,400,000)	(158,697)
Stock options issued .....	--	--	--	--
Net loss .....	--	--	--	--
	-----	-----	-----	-----
Balance at March 31, 2003 .....	--	--	1,690,000	\$ 61,519
	=====	=====	=====	=====

F-5

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

VISTA EXPLORATION CORPORATION

Statement of Changes in Shareholders' Deficit

	Additional Paid-in Capital	Stock Options Issued	Deficit Accumulated	Total
	-----	-----	-----	-----
Balance at inception, April 9, 1998 .....	\$ --	\$ --	\$ --	\$ --
April 1998, common stock issued in exchange for services and organizational costs (Note 2) .....	--	--	--	500
Contributed rent (Note 2) .....	100	--	--	100
Net loss .....	--	--	(688)	(688)
	-----	-----	-----	-----
Balance at April 30, 1998 .....	100	--	(688)	(88)
May 1998, sale of common stock net of offering costs of \$127 (Note 2) ...	--	--	--	2,173
Contributed rent (Note 2) .....	1,200	--	--	1,200
Net loss .....	--	--	(2,420)	(2,420)
	-----	-----	-----	-----
Balance at April 30, 1999 .....	1,300	--	(3,108)	865
Contributed rent (Note 2) .....	1,200	--	--	1,200
Net loss .....	--	--	(5,269)	(5,269)
	-----	-----	-----	-----
Balance at April 30, 2000 .....	2,500	--	(8,377)	(3,204)
Contributed rent (Note 2) .....	1,100	--	--	1,100
Net loss for the eleven months ended March 31, 2001 ...	--	--	(6,438)	(6,438)
	-----	-----	-----	-----
Balance at March 31, 2001 .....	3,600	--	(14,815)	(8,542)
April 2001, sale of common stock, \$.01 per share (Note 4) .....	--	--	--	33,000
June 2001, sale of common stock, \$.10 per share (Note 4) .....	--	--	--	75,000
June 2001, sale of common stock, \$.25 per share (Note 4) .....	--	--	--	90,000
December 2001, sale of common stock, \$.10 per share (Note 4) .....	--	--	--	25,000
January 2002, sale of common stock, \$.15 per share (Note 4) .....	--	--	--	30,000
Offering costs incurred (Note 4) .....	--	--	(35,457)	
Net loss .....	--	--	(238,075)	(238,075)
	-----	-----	-----	-----
Balance at March 31, 2002 .....	3,600	--	(252,890)	(29,074)

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

September 2002, repurchase and cancellation of common stock (Note 4) .....	--	--	--	(158,697)
Stock options issued .....	--	80,000	--	80,000
Net loss .....	--	--	(241,395)	(241,395)
	-----	-----	-----	-----
Balance at March 31, 2003 .....	\$ 3,600	\$ 80,000	(494,285)	\$ (349,166)
	=====	=====	=====	=====

See accompanying notes to financial statements

F-5 (Con't)

VISTA EXPLORATION CORPORATION

Statements of Cash Flows

	Year Ended March 31,	
	2003	2002
	-----	-----
Cash flows from operating activities:		
Net loss .....	\$ (241,395)	\$ (238,075)
Transactions not requiring cash:		
Impairment of oil and gas properties .....	40,832	--
Stock options granted .....	80,000	--
Changes in operating assets and liabilities:		
Receivables and advances .....	8,265	(8,265)
Accounts payable and accrued liabilities ..	98,139	75,068
	-----	-----
Net cash used in operating activities ..	(14,159)	(171,272)
	-----	-----
Cash flows from investing activities:		
Investment in oil and gas properties .....	--	(40,832)
	-----	-----
Net cash used in investing activities .....	--	(40,832)
	-----	-----
Cash flows from financing activities:		
Advances from officer .....	--	(10,500)
Proceeds of notes payable related parties .....	10,000	--
Sale of common stock .....	--	253,000
Offering costs incurred .....	--	(25,457)
	-----	-----
Net cash provided by financing activities ..	10,000	217,043
	-----	-----
Net change in cash .....	(4,159)	4,939
Cash, beginning of period .....	5,012	73
	-----	-----
Cash, end of period ..	\$ 853	\$ 5,012



Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period		
for:		
Interest .....	\$ --	\$ --
	=====	=====
Income taxes .....	\$ --	\$ --
	=====	=====
Non-cash financing activities:		
Notes issued to acquire common stock .....	158,697	--
	=====	=====

See accompanying notes to financial statements

F-6

VISTA EXPLORATION CORPORATION  
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Organization and Basis of Presentation

Vista Exploration Corporation (the "Company") (formerly Bail Corporation) was incorporated under the laws of Colorado on April 9, 1998 to engage in any lawful corporate undertaking. The Company was a development stage enterprise in accordance with Statement of Financial Accounting Standard (SFAS) No. 7 until the quarter ending March 31, 2003. Effective March 31, 2003, the company abandoned its oil and gas operations. The Company now plans to maintain its existence while it identifies opportunities. The Company was originally formed as a "blank check" company with the purpose to evaluate, structure and complete a merger with, or acquisition of, a privately owned corporation. Effective March 3, 2001, approximately 73 percent (900,000 shares) of the Company's issued and outstanding common stock was sold, resulting in a change in control of the Company. The Company's new business plan was to engage in the oil and gas business by acquiring oil and gas properties and developing those properties and/or purchasing producing properties principally located in the mid-western and western United States.

The Company completed its leasing activities in southeast Kansas and sought to obtain additional financing before it could implement the next phase of its current plan of operation, which would involve identifying the most promising and cost-effective drill sites on the Company's leased acres, drilling and testing wells to prove reserves, completing promising test wells, extracting the oil, gas and other hydrocarbons that the Company finds, and delivering them to market. The Company anticipated that it would need approximately \$850,000 to achieve its initial goal of drilling, testing and completing ten coalbed methane gas producing wells.

Following the change in control, the Company sold 4,860,000 shares of its no par value common stock through three private offerings for net proceeds of \$217,543 after deducting offering costs of \$35,457 (see Note 5). The Company used the net proceeds from those offerings for administrative and professional fees required to transition the business and to acquire oil and gas properties and develop a drilling program. The Company required additional funds to commence drilling operations and there were no commitments in place for any additional funds.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

On September 16, 2002, the company repurchased a total of 4,400,000 shares of its common stock from 10 shareholders who had purchased their shares in private placements conducted in April 2001, June 2001, December 2001 and January 2002. The prices paid for the shares by the company equaled the prices paid by the shareholders when such shares were originally purchased from the company. The company paid for the shares by issuing promissory notes in an aggregate principal amount of \$158,696.80. The repurchased shares were cancelled and are not included in issued or outstanding share totals at 12/31/02. The purchases were made to facilitate the company's application for a trading symbol.

During August 2001, the Company changed its name from Bail Corporation to Vista Exploration Corporation.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the development stage. It has incurred losses since inception and has a net capital deficit at March 31, 2003. These factors, among others, may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain profitability. The Company raised gross proceeds of \$253,000, through private stock offerings during FY 2002 (see Note 5), to fund its operations. However, the Company believes it will need additional capital to develop the property leases discussed above. There is no assurance that the Company will obtain the additional capital or that it will attain profitability.

F-7

### VISTA EXPLORATION CORPORATION Notes to Financial Statements

On April 18, 2001, the Company changed its year-end from April 30 to March 31. The accompanying statements of operations, changes in shareholders' deficit and cash flows reflect the changed period ended March 31, 2001.

#### Cash Equivalents

The Company considers all highly liquid securities with original maturities of three months or less when acquired to be cash equivalents. The Company had no cash equivalents at March 31, 2003.

#### Financial Instruments

The Company has determined, based on available market information and appropriate valuation methodologies, the fair values of its financial instruments approximate carrying values. The carrying amounts of cash, accounts payable, and other current liabilities approximate fair value due to the short-term maturity of the instruments.

#### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principals requires management to make estimates and

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

assumptions that affect certain reported amounts of assets and liabilities; 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. Accordingly, actual results could differ from those estimates.

### Organization costs

Costs related to the organization of the Company have been expensed as incurred.

### Deferred offering costs

Costs related to common stock offerings are recorded initially as a deferred asset until the offering is successfully completed, at which time they are recorded as a reduction of gross proceeds in shareholders' deficit. If an offering is not successful, the costs are charged to operations at that time.

### Oil and gas properties

The Company follows the full cost method of accounting for oil and gas properties. Accordingly, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs, are capitalized. No internal overhead costs have been capitalized to date.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized.

The capitalized costs are subject to a "ceiling test," which limits capitalized costs to the aggregate of the "estimated present value," discounted at a 10-percent interest rate, of future net revenues from proved reserves (based on current economic and operating conditions), plus the lower of cost or fair market value of unproved properties.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in income.

Abandonment's of properties are accounted for as adjustments of capitalized costs with no loss recognized.

F-8

### VISTA EXPLORATION CORPORATION Notes to Financial Statements

As of March 31, 2002, the Company had executed 115 separate leases totaling approximately 15,388 acres, of which approximately 13,902 acres are located in Coffey County and approximately 1,486 acres are in Lyon County, which adjoins Coffey County.

A charge for impairment of value of the oil and gas properties has been recorded due to the expiration or impending expiration of the initial lease terms and the present lack of funding necessary to extend and develop these properties.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

### Loss per common share

The Company reports loss per share using a dual presentation of basic and diluted loss per share. Basic loss per share excludes the impact of common stock equivalents. Diluted loss per share uses the average market price per share when applying the treasury stock method in determining common stock equivalents. However, the Company has a simple capital structure for the period presented and has incurred operating losses, therefore, no variance between the basic and diluted loss per share is presented.

### Income Taxes

The Company reports income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires the liability method in accounting for income taxes. Deferred tax assets and liabilities arise from the difference between the tax basis of an asset or liability and its reported amount on the financial statements. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted law. Valuation allowances are established when necessary to reduce the deferred tax assets to the amounts expected to be realized. Income tax expense or benefit is the tax payable or refundable, respectively, for the period plus or minus the change during the period in the deferred tax assets and liabilities.

### Stock based Compensation

The Company accounts for stock-based compensation arrangements in accordance with Statement of financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of Accounting Principle Board ("APB") Opinion No. 25 and provide pro forma net earnings (loss) disclosures for employee stock option grants as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to apply the provisions of SFAS No. 123 and recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant.

### (2) Related Party Transactions

During the year ended March 31, 2002, an officer paid travel and administrative expenses totaling \$18,403 on behalf of the Company. The company owed the officer \$6,115 at March 31, 2001. The Company repaid the \$24,518 and advanced the officer an additional \$8,265 which was offset against the officer's expenses during the year ended March 31, 2003. During the year ended March 31, 2003, the officer advanced an additional \$1,700 to the company and accrued \$15,000 of compensation, both of which remain unpaid at March 31, 2003.

The Company incurred an expense of \$100 per month through March 31, 2001 for office space contributed by Corporate Management Services, Inc. ("CMS"), an affiliate of the Company. The Company reported rent expense of \$-0-, \$-0-, and \$3,600, respectively, for the years ended March 31, 2003 and 2002 and the period from April 9, 1998 (inception) through March 31, 2002. The rent expense has been offset by charges to additional paid-in capital. From July 2001 to November 2001, the Company leased office space in Burlington, Kansas at \$350 per month. The Company's officer currently provides office space free of charge in his home.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

### VISTA EXPLORATION CORPORATION Notes to Financial Statements

On April 11, 1998, the Company issued an affiliate 1,000,000 shares of common stock in exchange for services related to management and organization costs of \$500. The affiliate provided administrative and marketing services as needed. The affiliate, from time to time, advanced the Company any additional funds that the Company needed for operating capital and for costs in connection with searching for or completing an acquisition or merger.

During 1998, the Company sold 230,000 shares of common stock in a private placement for \$2,300. The private placement also included the offering of common shares in nineteen other corporations. The costs related to the offering and certain legal fees and general and administrative fees were allocated to each of the twenty companies participating in the offering. The Company's pro rate one twentieth share of the costs and expenses were deducted from the gross proceeds from the sale of the Company's common shares. The gross proceeds of \$2,300 were transferred to the Company net of offering costs of \$127 and certain general and administrative costs incurred by the affiliate of \$89.

On September 16, 2002, the company repurchased a total of 4,400,000 shares of its common stock from 10 shareholders who had purchased their shares in private placements conducted in April 2001, June 2001, December 2001 and January 2002. The prices paid for the shares by the company equaled the prices paid by the shareholders when such shares were originally purchased from the company. The company paid for the shares by issuing promissory notes in an aggregate principal amount of \$158,696.80. The repurchased shares were cancelled and are not included in issued or outstanding share totals at 3/31/03. The purchases were made to facilitate the company's application for a trading symbol.

The company granted five-year options to an officer and two outside entities, respectively, to purchase 500,000 and 1,500,000 shares of common stock at a price of \$0.10 per share. The fair value of these options was estimated to be \$80,000 in accordance with Statement of Financial Accounting Standards 123, utilizing the Black-Scholes pricing model. This value was based on a weighted average risk-free interest rate of 1.98%, expected option life of 5 years, expected volatility of 10.0% and no expected dividend yield.

#### (3) Income Taxes

Following are reconciliations of U.S. statutory federal income tax rate to the effective rate:

	Year Ended March 31, 2003 -----	Year Ended March 31, 2002 -----
U.S. statutory federal rate .....	31.62%	31.62%
State income tax rate, net of federal benefit .....	3.17%	3.17%
Net operating loss (NOL) for which no tax benefit is currently available .....	-34.79%	-34.79%
	-----	-----
	0.00%	0.00%
	=====	=====

The valuation allowance offsets the net deferred tax asset for which there is no assurance of recovery. The changes in the valuation allowance for the year ended March 31, 2003 and 2002 and for the period from April 9, 1998 (inception)

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

through March 31, 2003 were \$83,981, \$82,823, and \$169,287, respectively. Net operating loss carryforwards at March 31, 2003 will expire through 2023.

The valuation allowance will be evaluated at the end of each year, considering positive and negative evidence about whether the asset will be realized. At that time, the allowance will either be increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax asset is no longer impaired and the allowance is no longer required.

Should the Company undergo an ownership change, as defined in Section 382 of the Internal Revenue Code, the Company's tax net operating loss carryforwards generated prior to the ownership change will be subject to an annual limitation which could reduce or defer the utilization of those losses.

F-10

### VISTA EXPLORATION CORPORATION Notes to Financial Statements

#### (4) Shareholders' Deficit

The preferred stock may be issued in series as determined by the Board of Directors. As required by law, each series must designate the number of share in the series and each share of a series must have identical rights of (1) dividend, (2) redemption, (3) rights in liquidation, (4) sinking fund provisions for the redemption of the share, (5) terms of conversion and (6) voting rights.

On September 16, 2002, the company repurchased a total of 4,400,000 shares of its common stock from 10 shareholders who had purchased their shares in private placements conducted in April 2001, June 2001, December 2001 and January 2002. The prices paid for the shares by the company equaled the prices paid by the shareholders when such shares were originally purchased from the company. The company paid for the shares by issuing promissory notes in an aggregate principal amount of \$158,696.80. The repurchased shares were cancelled and are not included in issued or outstanding share totals at 3/31/03. The purchases were made to facilitate the company's application for a trading symbol.

The company granted five-year options to an officer and two outside entities, respectively, to purchase 500,000 and 1,500,000 shares of common stock at a price of \$0.10 per share. The fair value of these options was estimated to be \$80,000 in accordance with Statement of Financial Accounting Standards 123, utilizing the Black-Scholes pricing model. This value was based on a weighted average risk-free interest rate of 1.98%, expected option life of 5 years, expected volatility of 10.0% and no expected dividend yield.

During January 2002, the Company sold 200,000 shares of its no par value common stock for \$.15 per share pursuant to an exemption from registration claimed under Rule 506 of Regulation D of the Securities Act of 1933, as amended (the "Act"). The Company received net proceeds of \$28,408 after deducting offering costs totaling \$1,592.

During December 2001, the Company sold 250,000 shares of its no par value common stock for \$.10 per share pursuant to an exemption from registration claimed under Rule 506 of Regulation D of the Act. The Company received net proceeds of \$21,592 after deducting offering costs totaling \$3,303.

## Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

During June of 2001, the Company conducted a private placement offering of 1,000,000 shares of its no par value common stock for \$.25 per share pursuant to an exemption from registration claimed under Rule 506 of Regulation D of the Act. The Company closed the offering after selling 360,000 shares. The Company received net proceeds of \$79,812 after deducting offering costs totaling \$10,188.

During June of 2001, the Company conducted a private placement offering of 800,000 shares of its no par value common stock for \$.10 per share pursuant to an exemption from registration claimed under Rule 506 of Regulation D of the Act. The Company closed the offering after selling 750,000 shares. The Company received net proceeds of \$64,813 after deducting offering costs totaling \$10,187.

During April 2001, the Company conducted a private placement offering of 5,000,000 shares of its no par value common stock for \$.01 per share pursuant to an exemption from registration claimed under Rule 506 of Regulation D of the Act. The Company closed the offering after selling 3,300,000 shares. The Company received net proceeds of \$22,813 after deducting offering costs totaling \$10,187.

### Note E: Notes Payable

-----

Notes payable issued to ten shareholders to repurchase common stock total \$158,697 at March 31, 2003. These notes were due November 14, 2002 unless payment was prohibited pursuant to the terms of Section 7-106-401 of the Colorado Business Corporation Act. The company may extend the payment date and may further restructure these notes in compliance with this act. If the notes remain unpaid at August 14, 2003, interest will begin to accrue at the lowest available Applicable Federal Rate. These notes are further guaranteed by an officer of the company.

### Note E: Notes Payable - Related Parties

-----

In November 2002, the Company borrowed \$10,000 under unsecured demand notes payable accruing interest at the rate of 10% per annum. The holders of these notes payable also hold options to purchase 1,500,000 shares of common stock.

F-11

## SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISTA EXPLORATION CORPORATION

Edgar Filing: VISTA EXPLORATION CORP - Form 10KSB

Date: July 15, 2003

By: /s/ Charles A. Ross, Sr.  
-----

Charles A. Ross, Sr., chief executive officer and  
principal financial and accounting officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ Charles A. Ross, Sr. ----- Charles A. Ross, Sr.	Director	July 15, 2003