

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 2015

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period from _____ to _____

Commission file number: 001-32624

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.)

609 Castle Ridge Road, Suite 335
Austin, Texas 78746
(Address of Principal Executive Offices) (Zip Code)

(512) 579-3560
(Issuer's Telephone Number, Including Area Code)

(former name, address and fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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 November 11, 2015, the number of shares outstanding of the Registrant's \$.01 par value common stock was 8,880,101.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

FieldPoint Petroleum Corporation

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

| | September 30, <u>2015</u> | December 31, <u>2014</u> |
|---|------------------------------|-----------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,078,678 | \$ 978,145 |
| Certificates of deposit | - | 30,815 |
| Accounts receivable: | | |
| Oil and natural gas sales | 496,701 | 589,643 |
| Joint interest billings, less allowance for doubtful accounts of approximately \$174,000 each period | 287,986 | 309,417 |
| Unrealized gain on commodity derivatives | 191,000 | - |
| Prepaid income taxes | 357,523 | 350,486 |
| Deferred income tax asset—current | 13,000 | 98,000 |
| Prepaid expenses and other current assets | <u>71,754</u> | <u>74,032</u> |
| Total current assets | 3,496,642 | 2,430,538 |
| PROPERTY AND EQUIPMENT: | | |
| Oil and natural gas properties (successful efforts method) | 41,037,604 | 40,873,612 |
| Other equipment | 108,460 | 108,460 |
| Less accumulated depletion and depreciation | <u>(21,941,381)</u> | <u>(20,514,981)</u> |
| Net property and equipment | <u>19,204,683</u> | <u>20,467,091</u> |
| Total assets | <u>\$ 22,701,325</u> | <u>\$ 22,897,629</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES: | | |
| Short-term debt | \$ 7,240,000 | \$ - |
| Accounts payable and accrued expenses | 834,118 | 546,731 |
| Oil and gas revenues payable | <u>448,746</u> | <u>315,954</u> |
| Total current liabilities | 8,522,864 | 862,685 |
| LONG-TERM DEBT | - | 7,240,000 |
| DEFERRED INCOME TAXES | 1,481,000 | 2,064,000 |
| ASSET RETIREMENT OBLIGATION | <u>1,840,309</u> | <u>1,763,043</u> |
| Total liabilities | 11,844,173 | 11,929,728 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, \$.01 par value, 75,000,000 shares authorized; 9,807,101 and 9,052,385 shares issued, respectively, and 8,880,101 and 8,125,385 outstanding, respectively | 98,070 | 90,523 |
| Additional paid-in capital | 12,985,406 | 12,116,487 |
| Retained earnings (accumulated deficit) | (259,432) | 727,783 |
| Treasury stock, 927,000 shares, each period, at cost | <u>(1,966,892)</u> | <u>(1,966,892)</u> |
| Total stockholders' equity | <u>10,857,152</u> | <u>10,967,901</u> |
| Total liabilities and stockholders' equity | <u>\$ 22,701,325</u> | <u>\$ 22,897,629</u> |

See accompanying notes to these unaudited condensed consolidated financial statements.

FieldPoint Petroleum Corporation

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| REVENUE: | | | | |
| Oil and natural gas sales | \$ 932,614 | \$ 2,308,985 | \$ 3,170,100 | \$ 7,580,740 |
| Well operational and pumping fees | 1,262 | (1,603) | 3,786 | 25,011 |
| Disposal fees | <u>23,606</u> | <u>60,211</u> | <u>79,239</u> | <u>73,316</u> |
| Total revenue | 957,482 | 2,367,593 | 3,253,125 | 7,679,067 |
| COSTS AND EXPENSES: | | | | |
| Production expense | 808,460 | 1,005,735 | 2,349,223 | 2,971,013 |
| Depletion and depreciation | 475,800 | 583,500 | 1,426,400 | 2,032,500 |
| Exploration expense | 2,610 | - | 18,107 | - |
| Accretion of discount on asset retirement obligations | 26,000 | 27,000 | 79,000 | 78,000 |
| General and administrative | <u>309,868</u> | <u>496,002</u> | <u>966,502</u> | <u>1,347,536</u> |
| Total costs and expenses | <u>1,622,738</u> | <u>2,112,237</u> | <u>4,839,232</u> | <u>6,429,049</u> |
| OPERATING INCOME (LOSS) | (665,256) | 255,356 | (1,586,107) | 1,250,018 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest income | 191 | 292 | 417 | 963 |
| Interest expense | (65,392) | (64,473) | (193,271) | (195,709) |
| Realized gain (loss) on commodity derivative | 132,298 | - | 157,532 | (882) |
| Unrealized gain on commodity derivatives | 167,000 | 44,000 | 191,000 | 4,000 |
| Warrant modification expense | - | - | (66,124) | - |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>15,878</u> | <u>9,728</u> |
| Total other income (expense) | <u>234,097</u> | <u>(20,181)</u> | <u>105,432</u> | <u>(181,900)</u> |
| INCOME (LOSS) BEFORE INCOME TAXES | (431,159) | 235,175 | (1,480,675) | 1,068,118 |
| INCOME TAX BENEFIT (EXPENSE) – CURRENT | (4,130) | 112,457 | (4,540) | 36,457 |
| INCOME TAX BENEFIT (EXPENSE) – DEFERRED | <u>159,000</u> | <u>(208,000)</u> | <u>498,000</u> | <u>(430,000)</u> |
| TOTAL INCOME TAX PROVISION | <u>154,870</u> | <u>(95,543)</u> | <u>493,460</u> | <u>(393,543)</u> |
| NET INCOME (LOSS) | <u>\$ (276,289)</u> | <u>\$ 139,632</u> | <u>\$ (987,215)</u> | <u>\$ 674,575</u> |
| EARNINGS (LOSS) PER SHARE: | | | | |
| BASIC | <u>\$ (0.03)</u> | <u>\$ 0.02</u> | <u>\$ (0.12)</u> | <u>\$ 0.08</u> |
| DILUTED | <u>\$ (0.03)</u> | <u>\$ 0.02</u> | <u>\$ (0.12)</u> | <u>\$ 0.07</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING: | | | | |
| BASIC | <u>8,621,410</u> | <u>8,119,903</u> | <u>8,299,139</u> | <u>8,085,736</u> |
| DILUTED | <u>8,621,410</u> | <u>9,149,297</u> | <u>8,299,139</u> | <u>9,415,663</u> |

See accompanying notes to these unaudited condensed consolidated financial statements.

FieldPoint Petroleum Corporation

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Nine Months Ended September 30, | |
|--|--|---------------------|
| | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | \$ (987,215) | \$ 674,575 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Unrealized (gain) loss on commodity derivatives | (191,000) | (4,000) |
| Depletion and depreciation | 1,426,400 | 2,032,500 |
| Exploration expense | 18,107 | - |
| Accretion of discount on asset retirement obligations | 79,000 | 78,000 |
| Deferred income tax expense (benefit) | (498,000) | 430,000 |
| Stock compensation expense | 75,626 | 112,292 |
| Warrant modification expense | 66,124 | - |
| Changes in current assets and liabilities: | | |
| Accounts receivable | 114,373 | (64,269) |
| Income taxes receivable | (7,037) | (25,295) |
| Prepaid expenses and other assets | 2,278 | (51,133) |
| Accounts payable and accrued expenses | 329,787 | 117,302 |
| Oil and gas revenues payable | 132,792 | (27,322) |
| Other | <u>30,815</u> | <u>13,914</u> |
| Net cash provided by operating activities | 592,050 | 3,286,564 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to oil and natural gas properties and other equipment | <u>(226,233)</u> | <u>(4,897,097)</u> |
| Net cash used in investing activities | (226,233) | (4,897,097) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from long term debt | - | 500,000 |
| Proceeds from the exercise of warrants | <u>734,716</u> | <u>196,167</u> |
| Net cash provided by financing activities | <u>734,716</u> | <u>696,167</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 1,100,533 | (914,366) |
| CASH AND CASH EQUIVALENTS, beginning of the period | <u>978,145</u> | <u>2,648,487</u> |
| CASH AND CASH EQUIVALENTS, end of the period | <u>\$ 2,078,678</u> | <u>\$ 1,734,121</u> |
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid during the period for interest | <u>\$ 192,296</u> | <u>\$ 255,320</u> |
| Cash paid during the period for income taxes | <u>\$ 6,931</u> | <u>\$ 33,622</u> |
| Change in accrued capital expenditures | <u>\$ (42,400)</u> | <u>\$ 777,189</u> |

See accompanying notes to these unaudited condensed consolidated financial statements.

FieldPoint Petroleum Corporation

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

FieldPoint Petroleum Corporation (the “Company”, “FieldPoint”, “our”, or “we”) 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 U.S. 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-K filing for the year ended December 31, 2014.

2. Liquidity

As of September 30, 2015, the Company has a working capital deficit of approximately \$5,026,000 because we had to reclassify our line of credit as a current liability. The line of credit provides for certain financial covenants and ratios measured quarterly which include a current ratio, leverage ratio, and interest coverage ratio requirements. The Company is out of compliance with all three ratios as of September 30, 2015. We are in the process of requesting an amended lending agreement or waiver from Citibank although there can be no assurances that it will be granted. Unless and until such amendment or waiver is granted, Citibank could require us to pay off the note and we would need to secure alternative financing in the debt or equity market which, may or may not be available. Citibank is in a first lien position on all of our properties. We are current on all interest payments but expect our current borrowing base of \$11,000,000 to be lowered. We have a positive net operating cash flow despite a net loss for the nine months ended September 30, 2015.

3. Recently Issued Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs", which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability, consistent with the presentation of a debt discount. The guidance is effective on a retrospective basis for annual periods beginning after December 15, 2015, including interim periods within that reporting period, with early adoption permitted. The adoption of the updated standard is currently not expected to have a material effect on our consolidated financial statements and related disclosures.

4. Oil and Natural Gas Properties

No wells were drilled or completed during the three or nine months ended September 30, 2015.

See accompanying notes to these unaudited condensed consolidated financial statements.

5. Earnings Per Share

Basic earnings per share are computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share take common stock equivalents (such as options and warrants) into consideration using the treasury stock method. The Company had 7,177,010 and 7,911,733 warrants outstanding with an exercise price of \$4.00 at September 30, 2015 and 2014, respectively. The dilutive effect of the warrants for the three and nine months ended September 30, 2015 and 2014 is presented below.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|-------------------|--|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income (loss) | <u>\$ (276,289)</u> | <u>\$ 139,632</u> | <u>\$ (987,215)</u> | <u>\$ 674,575</u> |
| Weighted average common stock outstanding | 8,621,410 | 8,119,903 | 8,299,139 | 8,085,736 |
| Weighted average dilutive effect of stock warrants | <u>-</u> | <u>1,029,394</u> | <u>-</u> | <u>1,329,927</u> |
| Dilutive weighted average shares | <u>8,621,410</u> | <u>9,149,297</u> | <u>8,299,139</u> | <u>9,415,663</u> |
| Earnings (loss) per share: | | | | |
| Basic | <u>\$ (0.03)</u> | <u>\$ 0.02</u> | <u>\$ (0.12)</u> | <u>\$ 0.08</u> |
| Diluted | <u>\$ (0.03)</u> | <u>\$ 0.02</u> | <u>\$ (0.12)</u> | <u>\$ 0.07</u> |

6. Income Taxes

For the three and nine months ending September 30, 2015, the tax provision is approximately 36% and 33%, respectively, of book income before tax. The rate for the three months ended September 30, 2015, is approximately 36% of book income before tax and approximates the statutory federal and state rates. The rate for the nine months ended September 30, 2015, differed slightly from the statutory federal and state rates due primarily to permanent differences in book and taxable income related to the warrant modification expense and stock compensation expense. For the three months ending September 30, 2014, the tax provision was approximately 40% of book income before tax and differs slightly from the statutory federal and state rates due primarily to annual franchise taxes paid during the period. For the nine months ending September 30, 2014, the tax provision was approximately 37% of book income before tax and approximates the statutory federal and state rates.

7. Related Party Transactions

The Company leased office space from the estate of its former president through January 2014 for \$2,500 a month. Beginning February 1, 2014, the Company no longer rents office space from the estate.

During the three and nine month periods ended September 30, 2014, the Company paid a relative of a Board member \$41,000 and \$72,500 for petroleum engineering services. There were no comparable payments during the three and nine month periods ended September 30, 2015.

8. Debt

The Company has a line of credit with a bank that requires monthly interest-only payments until maturity on October 18, 2016. The line of credit provides for certain financial covenants and ratios measured quarterly which include a current ratio, leverage ratio, and interest coverage ratio requirements. The Company is out of compliance with all three ratios as of September 30, 2015. We are in the process of requesting an amended lending agreement or waiver from the bank, although there can be no assurances that it will be granted. Unless and until such amendment or waiver is granted, the bank could require us to pay off the note and we would need to secure alternative financing in the debt or equity market which, may or may not be available. The bank is in a first lien position on all of our properties. We are current on all interest payments but expect our current borrowing base of \$11,000,000 to be lowered by the bank.

9. Stockholders' Equity

There were 7,177,010 warrants with an exercise price of \$4.00 outstanding at September 30, 2015. There have been no warrants issued during the nine months ended September 30, 2015. There were 734,716 warrants exercised during the nine months ended September 30, 2015. The weighted average expected life was 3.25 years at December 31, 2014, and was 2.50 years at September 30, 2015.

On June 24, 2015, the Board of Directors announced that it had approved a temporary reduction to the exercise price of its publicly traded warrants to \$1.00 per share. This was a temporary modification for a period of 33 days commencing at the opening of trading on July 6, 2015, and ending at the close of trading on August 7, 2015. During this period, 734,716 warrants were exercised at a price of \$1.00 per share for total proceeds of \$734,716. Any and all warrants that remained unexercised after August 7, 2015, remain in full force and effect for the duration of their term with the initial exercise price of \$4.00 per share.

The fair value of the change in exercise price of the warrants of approximately \$66,000 was reported as other expense and increased additional paid in capital during the nine months ended September 30, 2015. The fair value of the temporary modification of the exercise price was calculated by multiplying the number of warrants actually exercised during the temporary modification period by the change in the value of the warrants immediately before and immediately after the announcement of the reduction in exercise price.

As a signing bonus to his "at will" employment agreement, Phillip Roberson, as President and CFO, is entitled to receive a total of 50,000 shares of common stock, of which 10,000 shares were immediately vested. An additional 10,000 shares were received and vested January 1, 2015, and again on July 1, 2015. Ten thousand shares will be received and vested at each of the six month anniversary dates of the commencement date until all are received and vested. The fair value of this stock grant was \$275,000 of which \$16,042 and \$75,625 was recognized as non-cash stock compensation expense during the three and nine months ended September 30, 2015, respectively. The remaining future expense related to this stock grant is \$29,792 and is expected to be recognized over the weighted average expected life of less than one year.

10. Commodity Derivatives

On May 13, 2015, we entered into the following commodity positions to hedge our oil production price risk, effective from June 1, 2015, to December 31, 2015. No commodity positions were outstanding at December 31, 2014. The following positions were outstanding at September 30, 2015:

| Period | Volume (Barrels) | | \$/Barrel | |
|---|------------------|--------|-----------|---------|
| | Daily | Total | Floor | Ceiling |
| NYMEX –WTI Collars October 1 – December 2015 | 200 | 18,400 | \$55.00 | \$70.00 |

The following table summarizes the fair value of our open commodity derivatives as of September 30, 2015 and December 31, 2014:

| | Balance Sheet Location | Fair Value | |
|--|---------------------------|-----------------------|----------------------|
| | | September 30, 2015 | December 31, 2014 |
| Derivatives not designated as hedging instruments | | | |
| Commodity derivatives | Current Assets | \$ 191,000 | \$ - |

The following table summarizes the change in fair value of our commodity derivatives:

| | Income Statement Location | Fair Value | | | |
|--|------------------------------|-------------------------------------|-----------|------------------------------------|----------|
| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | | 2015 | 2014 | 2015 | 2014 |
| Derivatives not designated as hedging instruments | | | | | |
| Unrealized gain (loss) on commodity derivatives | Other Income (Expense) | \$ 167,000 | \$ 44,000 | \$ 191,000 | \$ 4,000 |
| Realized gain (loss) on commodity derivatives | Other Income (Expense) | \$ 132,298 | \$ - | \$ 157,532 | \$ (882) |

Unrealized gains and losses, at fair value, are included on our consolidated balance sheets as current or non-current assets or liabilities based on the anticipated timing of cash settlements under the related contracts. Changes in the fair value of our commodity derivative contracts are recorded in earnings as they occur and included in other income (expense) on our consolidated statements of operations. We estimate the fair values of collar contracts based on the present value of the difference in exchange-quoted forward price curves and contractual settlement prices multiplied by notional quantities. We internally valued the option contracts using industry-standard option pricing models and observable market inputs. We use our internal valuations to determine the fair values of the contracts that are reflected on our consolidated balance sheets. Realized gains and losses are also included in other income (expense) on our consolidated statements of operations.

We are exposed to credit losses in the event of non-performance by the counterparties on our commodity derivatives positions and have considered the exposure in our internal valuations. However, we do not anticipate non-performance by the counterparties over the term of the commodity derivatives positions. To estimate the fair value of our commodity derivatives positions, we use market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We primarily apply the market approach for recurring fair value measurements and attempt to use the best available information. We determine the fair value based upon the hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurement). The three levels of fair value hierarchy are as follows:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. At September 30, 2015, we had no Level 1 measurements.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Our derivatives, which consist of commodity collars, are valued using commodity market data which is derived by combining raw inputs and quantitative models and processes to generate forward curves. Where observable inputs are available, directly or indirectly, for substantially the full term of the asset or liability, the instrument is categorized in Level 2. At September 30, 2015, all of our commodity derivatives were valued using Level 2 measurements.
- Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value. At September 30, 2015, we had no Level 3 measurements.

10. Subsequent Events

Subsequent to September 30, 2015, we made two voluntary principle payments on our line of credit totalling \$245,000. The principle payments reduced the balance on our short term debt to \$6,955,000.

PART I

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

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.

The Company has temporarily suspended drilling and exploration activities due to low commodity prices and has no near-term plans at this time to drill a fourth well in the East Lusk field in New Mexico or continue development of the Taylor Serbin field. Furthermore, we plan to limit any remedial work that does not increase production and reduce general and administrative costs as much as possible until commodity pricing improves. As we are out of compliance with our revolving line of credit and may have our borrowing base decreased, we do not expect to reinstate our drilling programs until commodity prices and our cash flow improve.

Results of Operations

Comparison of three months ended September 30, 2015, to the three months ended September 30, 2014

| | Quarter Ended September 30, | |
|---------------------------------|-----------------------------|---------------------|
| | 2015 | 2014 |
| Revenue: | | |
| Oil sales | \$ 842,066 | \$ 2,199,798 |
| Natural gas sales | 90,548 | 109,187 |
| Total oil and natural gas sales | <u>\$ 932,614</u> | <u>\$ 2,308,985</u> |
| Sales volumes: | | |
| Oil (Bbls) | 19,000 | 24,260 |
| Natural gas (Mcf) | 40,021 | 28,618 |
| Total (BOE) | <u>25,670</u> | <u>29,030</u> |

| | | |
|-----------------------|-----------------|-----------------|
| Average sales prices: | | |
| Oil (\$/Bbl) | \$ 44.32 | \$ 90.68 |
| Natural gas (\$/Mcf) | <u>2.26</u> | <u>3.82</u> |
| Total (\$/BOE) | <u>\$ 36.33</u> | <u>\$ 79.54</u> |

| | | |
|---|-----------------|-----------------|
| Costs and expenses (\$/BOE) | | |
| Production expense (lifting costs) | \$ 31.49 | \$ 34.65 |
| Depletion and depreciation | 18.54 | 20.10 |
| Exploration expense | 0.10 | - |
| Accretion of discount on asset retirement obligations | 1.01 | 0.93 |
| General and administrative | <u>12.07</u> | <u>17.09</u> |
| Total | <u>\$ 63.21</u> | <u>\$ 72.77</u> |

Oil and natural gas sales revenues decreased 60% or \$1,376,371 to \$932,614 for the three-month period ended September 30, 2015, from the comparable 2014 period. Average oil sales prices decreased 51% to \$44.32 for the three-month period ended September 30, 2015, compared to \$90.68 for the period ended September 30, 2014. Average natural gas sales prices decreased to \$2.26 for the three-month period ended September 30, 2015, compared to \$3.82 for the period ended September 30, 2014. Decreased oil and natural gas production accounted for a decrease in revenue of approximately \$433,000. Lower commodity prices for oil and natural gas account for a decrease in revenue of approximately \$943,000. We have temporarily suspended drilling and exploration activity due to low commodity prices and expect our volumes to decline in the coming quarters until drilling and exploration activities are re-established.

Production expense decreased 20% or \$197,275 to \$808,460 for the three month period ended September 30, 2015, from the comparable 2014 period. This was primarily due to a decrease in non-critical workover activity and production taxes. Lifting costs per BOE decreased \$3.16 to \$31.49 for the 2015 period compared to \$34.65 for the three months ended September 30, 2014, due mainly to less workover activity and general decrease in costs and lease operating expenses. We anticipate lease operating expenses to remain stable over the following quarters due to a cessation of new well activity as a result of low commodity pricing.

Depletion and depreciation decreased 18% or \$107,700 to \$475,800 for the three month period ended September 30, 2015, versus \$583,500 in the 2014 comparable period. This was primarily due to lower production volumes during the three months ended September 30, 2015.

General and administrative overhead costs decreased 38% or \$186,134 to \$309,868 for the three-month period ended September 30, 2015, from the three-month period ended September 30, 2014. This was primarily attributable to a decrease in board fees, compensation, consulting and professional services. At this time, the Company anticipates general and administrative expenses to remain stable or decrease slightly in the coming quarters.

Other income, net for the quarter ended September 30, 2015, was \$234,097 compared to other expense, net of \$20,181 for the quarter ended September 30, 2014. The net increase in other income was primarily due to a realized gain on commodity derivatives of \$132,298 and an unrealized gain on commodity derivatives of \$167,000 in the three months ended September 30, 2015.

Results of Operations

Comparison of Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

| | Nine Months Ended September 30, | |
|---|---------------------------------|---------------------|
| | 2015 | 2014 |
| Revenues: | | |
| Oil sales | \$ 2,900,750 | \$ 6,989,220 |
| Natural gas sales | <u>269,350</u> | <u>591,520</u> |
| Total | <u>\$ 3,170,100</u> | <u>\$ 7,580,740</u> |
| Sales volumes: | | |
| Oil (Bbls) | 60,768 | 75,820 |
| Natural gas (Mcf) | <u>102,903</u> | <u>116,252</u> |
| Total (BOE) | <u>77,919</u> | <u>95,195</u> |
| Average sales prices | | |
| Oil (\$/Bbl) | \$ 47.73 | \$ 92.18 |
| Natural gas (\$/Mcf) | <u>2.62</u> | <u>5.09</u> |
| Total (\$/BOE) | <u>\$ 40.68</u> | <u>\$ 79.63</u> |
| Costs and expenses (\$/BOE) | | |
| Production expense (lifting costs) | \$ 30.15 | \$ 31.21 |
| Depletion and depreciation | 18.31 | 21.35 |
| Exploration expense | 0.23 | - |
| Accretion of discount on asset retirement obligations | 1.01 | 0.82 |
| General and administrative | <u>12.41</u> | <u>14.16</u> |
| Total | <u>\$ 62.11</u> | <u>\$ 67.54</u> |

Oil and natural gas sales revenues decreased 58% or \$4,410,640 to \$3,170,100 for the nine month period ended September 30, 2015, from \$7,580,740 for the comparable 2014 period. An overall decrease in oil and natural gas production accounted for a decrease in revenue of approximately \$1,455,000 while a decrease in oil and natural gas commodity prices decreased revenue by approximately \$2,956,000. Sales volumes decreased 18% on a BOE basis primarily due to production depletion which was not replaced due to a cessation of drilling activity. Average oil sales prices decreased \$44.45 to \$47.73 for the nine month period ended September 30, 2015, compared to \$92.18 for the nine month period ended September 30, 2014. Average natural gas sales prices decreased 49% to \$2.62 for the nine month period ended September 30, 2015, compared to \$5.09 for the nine month period ended September 30, 2014. We anticipate volumes to decrease in the coming quarters primarily due to suspension of drilling and exploration activity due to low commodity prices and expect our volumes to decline in the coming quarters until drilling and exploration activities are re-established.

Production expense decreased 21% or \$621,790 to \$2,349,223 for the nine month period ended September 30, 2015, from the comparable 2014 period. This was primarily due to a general decrease in workover, remedial activity, production taxes and generally lower costs and lease operating expenses. Lifting costs per BOE decreased 3%, from \$31.21 to \$30.15 for the 2015 period. We anticipate lease operating expenses to remain stable over the following quarters due to a continued decrease of workover and remedial activity.

Depletion and depreciation expense decreased 30% to \$1,426,400, compared to \$2,032,500 for the comparable 2014 period. This was primarily due to a decrease in production.

General and administrative overhead cost decreased 28% or \$381,034 to \$966,502 for the nine month period ended September 30, 2015, from the nine month period ended September 30, 2014. This was attributable primarily to a decrease in salary expenses, board fees, and professional services. In the coming quarters we anticipate general and administrative expenses to remain stable or decrease slightly.

Other income, net for the nine months ended September 30, 2015, amounted to \$105,432 compared to other expense, net of \$181,900 for the comparable 2014 period. A realized gain of \$157,532 and an unrealized gain of \$191,000 on commodity derivatives was reported during the nine month period ended September 30, 2015. Warrant modification expense of \$66,124 was reported during the nine months period ended September 30, 2015. A realized loss of \$882 and an unrealized gain of \$4,000 on commodity derivatives were reported during the 2014 period.

Liquidity and Capital Resources

Cash flow provided by operating activities was \$592,050 for the nine month period ended September 30, 2015, as compared to \$3,286,564 of cash flow provided by operating activities in the comparable 2014 period. The decrease in cash flows from operating activities was primarily due to lower net income and depletion, a deferred tax benefit and an increase in unrealized gain on commodity derivatives offset by changes in accounts receivable and payable.

Cash flow used in investing activities was \$226,233 for the nine month period ended September 30, 2015, and \$4,897,097 in the comparable 2014 period due to fewer additions to oil and natural gas properties and equipment in the current period.

Cash flow provided by financing activities for the nine month period ended September 30, 2015, was \$734,716 from the exercise of 734,716 of our outstanding publicly traded common stock purchase warrants at an exercise price of \$1.00 per share during the temporary modification period as discussed in “Note 9 – Stockholders’ Equity”. Cash flow provided by financing activities for the nine month period ended September 30, 2014 included \$500,000 from the draw on our line of credit plus \$196,167 from the exercise of 49,042 of our outstanding publicly traded common stock purchase warrants at an exercise price of \$4.00 per share.

We are out of compliance with the current ratio, leverage ratio, and interest coverage ratio required by our line of credit as of September 30, 2015. We are in the process of requesting an amended lending agreement or waiver from our bank although there can be no assurances that it will be granted. Unless and until such amendment or waiver is granted, the bank could require us to pay off the note and we would need to secure alternative financing in the debt or equity market which, may or may not be available. The bank is in a first lien position on all of our properties. We are current on all interest payments but expect our current borrowing base of \$11,000,000 to be lowered by the lender. We have a positive net operating cash flow for the year despite an earnings loss.

PART I

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We periodically enter into certain commodity price risk management transactions to manage our exposure to oil and natural gas price volatility. These transactions may take the form of futures contracts, swaps or options. All data relating to our derivative positions is presented in accordance with authoritative guidance. Accordingly, unrealized gains and losses related to the change in fair value of derivative contracts that qualify and are designated as cash flow hedges are recorded as other comprehensive income or loss and such amounts are reclassified to oil and natural gas sales revenues as the associated production occurs. Derivative contracts that do not qualify for hedge accounting treatment are recorded as derivative assets and liabilities at fair value in the consolidated balance sheet, and the associated unrealized gains and losses are recorded as current expense or income in the consolidated statement of operations. While such derivative contracts do not qualify for hedge accounting, management believes these contracts can be utilized as an effective component of commodity price risk management activities. On May 13, 2015, we entered into a commodity derivative position effective June 1, 2015. The collars have a floor of \$55.00 per barrel and a ceiling of \$70.00 for 200 barrels of oil per day from June 1, 2015, to December 31, 2015. We had a realized gain of \$157,532 and a net unrealized gain of \$191,000 on commodity derivative transactions during the nine month period ending September 30, 2015. On March 27, 2014, we entered into a commodity derivative position effective April 1, 2014. The collars had a floor of \$87.50 and a ceiling of \$105.00 for 200 barrels of oil per day from April 1, 2014, to September 30, 2014. We had a realized loss of \$882 and an unrealized gain of \$4,000 on commodity derivative transactions during the nine month period ending September 30, 2014.

PART I

Item 4. CONTROLS AND PROCEDURES

a) *Disclosure Controls and Procedures*

Our Principal Executive Officer, Roger D. Bryant, and our Principal Financial Officer, Phillip H. Roberson, have established and are currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

The Principal Executive Officer and the Principal Financial Officer conducted a review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on their evaluation as of the end of the period covered by this Report, that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosure and we refer you to Exchange Act Rule 13a-15(e).

b) *Changes in Internal Control over Financial Reporting*

There have been no changes to the Company's system of internal controls over financial reporting during the quarter ended September 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's system of controls over financial reporting. As part of a continuing effort to

improve the Company's business processes, management is evaluating its internal controls and may update certain controls to accommodate any modifications to its business processes or accounting procedures.

c) ***Limitations of Any Internal Control Design***

Our principal executive and financial officers do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officers have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

None.

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

None.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits

| | |
|---------|--|
| 31.1 | Certifications of Chief Executive Officer |
| 31.2 | Certifications of Chief Financial Officer |
| 32.1 | Certification of Chief Executive Officer Pursuant to U.S.C. Section 1350 |
| 32.2 | Certification of Chief Financial Officer Pursuant to U.S.C. Section 1350 |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Schema Document |
| 101.CAL | XBRL Calculation Linkbase Document |
| 101.LAB | XBRL Label Linkbase Document |
| 101.PRE | XBRL Presentation Linkbase Document |
| 101.DEF | XBRL Definition Linkbase Document |

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: November 16, 2015

By: /s/ Roger D. Bryant
Roger D. Bryant, Principal Executive Officer

Date: November 16, 2015

By: /s/ Phillip H. Roberson
Phillip H. Roberson, Principal Financial Officer

CERTIFICATION

I, Roger D. Bryant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FieldPoint Petroleum Corporation;
2. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

By: /s/ Roger D. Bryant
Roger D. Bryant, Principal Executive Officer

CERTIFICATION

I, Phillip H. Roberson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FieldPoint Petroleum Corporation;
2. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

By: /s/ Phillip H. Roberson
 Phillip H. Roberson, Principal Financial Officer

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

In connection with the Quarterly Report of FieldPoint Petroleum Corporation (the "Company") on Form 10-Q for the period ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger D. Bryant, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Roger D. Bryant
Roger D. Bryant
Principal Executive Officer
November 16, 2015

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

In connection with the Quarterly Report of FieldPoint Petroleum Corporation (the "Company") on Form 10-Q for the period ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip H. Roberson, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Phillip H. Roberson
Phillip H. Roberson
Principal Financial Officer
November 16, 2015