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BLUE DOLPHIN ENERGY CO  
Form 8-K  
July 24, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 23, 2002 (July 9, 2002)

BLUE DOLPHIN ENERGY COMPANY

(Exact name of registrant as specified in its charter)

Delaware	0-15905	73-1268729
(State or other jurisdiction of incorporation or organization)	Commission File Number:	(I.R.S. Employer Identification No.)

801 Travis, Suite 2100, Houston, Texas 77002  
(Address of principal executive offices) (Zip Code)

(713) 227-7660  
(Registrant's telephone number, including area code)

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On July 9, 2002, Blue Dolphin Energy Company (the "Company") issued a press release announcing the sale by American Resources Offshore, Inc., a wholly owned subsidiary of the Company ("American Resources"), of its working interest in the South Timbalier Block 148 property to Newfield Exploration Company ("Newfield"), the operator of the field. Pursuant to the terms of the Purchase and Sale Agreement, American Resources received \$2.3 million for its working interest in the South Timbalier Block 148 property.

As of December 31, 2001, the Company recorded 1,354 Mmcfe of proved reserves attributable to the South Timbalier Block 148 property. These proved reserves

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accounted for approximately 36% of the Company's total net proved reserves on a Mmcf basis and 37% of the discounted present value of estimated future net revenues from proved reserves. Production from this field accounted for 19% of the Company's oil and gas sales revenues and 16% of the Company's total revenues for the year ended December 31, 2001. Production from this field accounted for 21% of the Company's oil and gas sales revenues and 13% of the Company's total revenues for the three months ended March 31, 2002.

### ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL INFORMATION AND EXHIBITS.

#### (b) Pro Forma Financial Information

The Pro Forma Consolidated Balance Sheet at March 31, 2002, Pro Forma Consolidated Statement of Operations for the year ended December 31, 2001 and Pro Forma Consolidated Statement of Operations for the three months ended March 31, 2002 (collectively the "Financial Statements") are presented assuming that the sale of the Company's interest in the South Timbalier Block 148 property occurred as of the date of the Pro Forma Balance Sheet and at the beginning of the period for each respective Statement of Operations presented. The Financial Statements have been prepared based on the historical financial statements as of the same date or for the same period indicated.

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### BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

#### Pro Forma Consolidated Balance Sheet March 31, 2002

Assets -----	Unaudited -----	Adjustments Debit                      Credit -----	
Current assets:			
Cash and cash equivalents	\$ 2,345,880	2,300,000	
Trade accounts receivable	1,060,318		
Prepaid expenses and other assets	278,111		
	-----		
Total current assets	3,684,309		
	-----		
Property and equipment, at cost:			
Oil and gas properties (full-cost method)	27,126,133		1,966,780
Onshore separation and handling facilities	1,664,128		

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Land	860,275	
Pipelines	3,580,910	
Other property and equipment	272,091	
	-----	
	33,503,537	
Less accumulated depletion, depreciation and amortization	27,117,808	1,030,221
	-----	
	6,385,729	
Deferred federal income tax	244,444	
Other assets	463,189	
	-----	
Total Assets	\$ 10,777,671	
	=====	
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 818,555	
Accrued expenses and other liabilities	4,983,527	
	-----	
Total current liabilities	5,802,082	
Note payable	750,000	
Common Stock	63,720	
Additional paid-in capital	26,107,139	
Accumulated deficit	(21,945,270)	1,363,433
	-----	
Total Liabilities and Stockholders' Equity	\$ 10,777,671	
	=====	

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

Pro Forma Consolidated Balance Sheet

March 31, 2002

To reflect the recording of the sale of the Company's interest in the South Timbalier Block 148 property effective as of March 31, 2002.

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES  
 Pro Forma Consolidated Statement of Operations  
 Year ended December 31, 2001

	Audited	Adjustments		P
	-----	Debit	Credit	-----
Revenue from operations:				
Oil and gas sales	\$ 4,694,202	886,954 (1)		
Pipeline operations	991,823			
	-----			
Revenue from operations	5,686,025			
	-----			
Cost of operations:				
Lease operating expenses	1,155,549		157,212 (1)	
Pipeline operating expenses	517,054			
Impairment of assets	2,940,464			
Depletion, depreciation and amortization	1,817,770		252,713 (1)	
General and administrative expenses	2,845,459			
	-----			
Cost of operations	9,276,296			
	-----			
Loss from operations	(3,590,271)			
Other income (expense):				
Interest and other expense	(243,591)			
Gain on sale of assets	1,417,626		524,824 (2)	
Interest and other income	116,417			
Equity in losses of affiliates	(245,201)			
	-----			
Loss before minority interest	(2,545,020)			
Minority interest	(104,122)		5,574 (1)	
	-----			
Net loss	\$ (2,649,142)			
	=====			
Loss per share				

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Basic and Diluted	\$ (0.44)
	=====
Weighted average number of common shares	6,004,019
	=====

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES  
 Pro Forma Consolidated Statement of Operations  
 Year ended December 31, 2001

1. To record reductions in revenues, lease operating expenses, depletion, depreciation and amortization and minority interest deduction as a result of the sale of the Company's interest in the South Timbalier Block 148 property effective as of January 1, 2001.
2. To record the gain from the sale of the Company's interest in the South Timbalier Block 148 property effective as of January 1, 2001.

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES  
 Pro Forma Consolidated Statement of Operations  
 Three Months ended March 31, 2002

	Unaudited	Adjustments	
		Debit	Credit
	-----	-----	-----
Revenue from operations:			
Oil and gas sales	\$ 578,269	121,654 (1)	
Pipeline operations	329,297		
	-----		
Revenue from operations	907,566		
	-----		

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Cost of operations:		
Lease operating expenses	217,647	37,643 (1)
Pipeline operating expenses	144,716	
Depletion, depreciation and amortization	289,567	47,376 (1)
Impairment of assets	339,984	
General and administrative expenses	584,615	
	-----	
Cost of operations	1,576,529	
	-----	
Loss from operations	(668,963)	
Other income (expense):		
Interest and other expense	(15,792)	
Gain on sale of assets	--	1,363,437 (2)
Bad debt expense	(197,500)	
Interest and other income	14,590	
	-----	
Income/(loss) before minority interest	(867,665)	
Minority interest	(55,746)	18,634 (1)
	-----	
Net income/(loss)	\$ (923,411)	
	=====	
Income/(loss) per common share-basic:	\$ (0.15)	
	=====	
Weighted average number of common shares	6,213,324	
	=====	

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BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

Pro Forma Consolidated Statement of Operations

Three Months ended March 31, 2002

1. To record reductions in revenues, lease operating expenses, depletion, depreciation and amortization and minority interest deduction as a result of the sale of the Company's interest in the South Timbalier Block 148 property effective as of January 1, 2002.
2. To record the gain from the sale of the Company's interest in the South Timbalier Block 148 property effective as of January 1, 2002.

BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

(c) Exhibits

10.1 Purchase and Sale Agreement between Blue Dolphin Energy Company and  
Newfield Exploration Company

99.1 Press Release July 9, 2002

BLUE DOLPHIN ENERGY COMPANY AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLUE DOLPHIN ENERGY COMPANY

Date: July 23, 2002

/s/ Michael J. Jacobson

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Michael J. Jacobson  
President and Chief Executive Officer

/s/ G. Brian Lloyd

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G. Brian Lloyd  
Vice President, Treasurer

