

COASTAL CARIBBEAN OILS & MINERALS LTD  
Form 10-Q  
August 13, 2004

**UNITED STATES  
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 **June 30, 2004**

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 1-4668

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

(Exact name of registrant as specified in its charter)

BERMUDA

(State or other jurisdiction of  
incorporation or organization)

NONE

(I.R.S. Employer  
Identification No.)

Clarendon House, Church Street, Hamilton, Bermuda

(Address of principal executive offices)

HM 11

(Zip Code)

(850) 653-9165

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The number of shares outstanding of the issuer's single class of common stock as of August 3, 2004 was 46,211,604.

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**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**JUNE 30, 2004**

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**COASTAL CARIBBEAN OILS & MINERALS, LTD.****FORM 10-Q****PART I - FINANCIAL INFORMATION****ITEM 1- Financial Statements****CONSOLIDATED BALANCE SHEETS**

(Expressed in U.S. dollars)

(A Bermuda Corporation)  
A Development Stage Company

	June 30, <hr/> 2004 <hr/> (unaudited)	December 31, <hr/> 2003 <hr/> (Note)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 249	\$ 2,875
Prepaid expenses and other	25,126	87,947
Total current assets	<hr/> 25,375 <hr/>	<hr/> 90,822 <hr/>
Contingent litigation claim (Note 4)	-	-
Total assets	<hr/> \$ 25,375 <hr/>	<hr/> \$ 90,822 <hr/>
<b>Liabilities and Shareholders' (Deficit) Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	825,907	805,110
Amounts due to related parties	1,330,018	1,053,800
Total current liabilities	<hr/> 2,155,925 <hr/>	<hr/> 1,858,910 <hr/>
Minority interests	-	-
Shareholders' (deficit) equity		
Common stock, par value \$.12 per share:		
Authorized - 250,000,000 shares		
Outstanding □ 46,211,604, respectively	5,545,392	5,545,392

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Capital in excess of par value	32,137,811	32,137,811
	<u>37,683,203</u>	<u>37,683,203</u>
Deficit accumulated during the development stage	(39,813,753)	(39,451,291)
	<u>2,130,550</u>	<u>(1,768,088)</u>
Total shareholders' (deficit) equity		
Total liabilities and shareholders' (deficit) equity	\$ 25,375	\$ 90,822

Note: The balance sheet at December 31, 2003 has been derived from the audited consolidated financial statements at that date.

See accompanying notes.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.****FORM 10-Q****PART I - FINANCIAL INFORMATION****ITEM 1- Financial Statements****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Expressed in U.S. dollars)

(A Bermuda Corporation)  
A Development Stage Company

(unaudited)

	Three months ended June 30,		Six months ended June 30,		For the
	2004	2003	2004	2003	period from
					Jan. 31, 1953
					(inception)
					to June 30,
					2004
<b>Interest and other income</b>	\$ 0	\$ 84	\$ 0	\$ 537	\$ 3,877,570
<b>Expenses:</b>					
Legal fees and costs	77,890	61,060	162,279	180,992	16,734,867
Administrative expenses	62,183	122,414	138,100	291,517	9,665,379
Salaries	24,758	28,045	49,518	62,162	3,692,491
Shareholder communications	6,000	6,000	12,565	12,345	3,961,092
Write off of unproved properties	-	-	-	-	5,560,494
Exploration costs	-	-	-	-	247,465
Lawsuit judgments	-	-	-	-	1,941,916
Minority interests	-	-	-	-	(632,974)
Other	-	-	-	-	364,865
Contractual services	-	-	-	-	2,155,728
	170,831	217,519	362,462	547,016	43,691,323
<b>Net loss</b>	<b>\$ (170,831)</b>	<b>\$ (217,435)</b>	<b>\$ (362,462)</b>	<b>\$ (546,479)</b>	
Deficit accumulated during the development stage					\$ (39,813,753)

Weighted Average number of  
shares

outstanding (basic &  
diluted)

<u>46,221,604</u>	<u>46,221,604</u>	<u>46,221,604</u>	<u>46,221,604</u>
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Net loss per share (basic &

<u>\$</u>	<u>(.01)</u>	<u>\$</u>	<u>(.01)</u>	<u>\$</u>	<u>(.01)</u>	<u>\$</u>	<u>(.01)</u>
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diluted)

See accompanying notes.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.****FORM 10-Q****PART I - FINANCIAL INFORMATION****ITEM 1- Financial Statements****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in U.S. Dollars)

(A Bermuda Corporation)  
A Development Stage Company  
(unaudited)

	Six months ended June 30,		For the period from Jan. 31, 1953 (inception) To June 30, 2004
	2004	2003	
<b>Operating activities:</b>			
Net loss	\$ (362,462)	\$ (546,479)	\$ (39,813,754)
Adjustments to reconcile net loss to net cash used in operating activities:			
Minority interest	-	-	(632,974)
Write off of unproved properties	-	-	5,619,741
Common stock issued for services	-	-	119,500
Compensation recognized for stock option grant	-	-	75,000
Recoveries from previously written off properties	-	-	252,173
Net change in:			
Prepaid expenses and other	62,821	152,150	(25,127)
Accounts payable and accrued liabilities	256,073	66,806	2,114,985
Net cash used in operating activities	<u>(43,568)</u>	<u>(327,523)</u>	<u>(32,290,456)</u>
<b>Investing activities:</b>			
Additions to oil, gas, and mineral properties net of assets acquired for common stock and reimbursements	-	-	(3,740,182)
Proceeds from relinquishment of surface rights	-	-	246,733
Purchase of fixed assets	-	-	(61,649)
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>(3,555,098)</u>
<b>Financing activities:</b>			
Loans from officers	40,942	-	40,942

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Sale of common stock net of expenses	-	-	30,380,612
Shares issued upon exercise of options	-	-	884,249
Sale of shares by subsidiary	-	50,000	820,000
Sale of subsidiary shares	-	-	3,720,000
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by financing activities	40,942	50,000	35,845,803
	<u>          </u>	<u>          </u>	<u>          </u>
Net (decrease) increase in cash and cash equivalents	(2,626)	(277,523)	249
Cash and cash equivalents at beginning of period	2,875	292,095	-
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents at end of period	\$ 249	\$ 14,572	\$ 249
	<u>          </u>	<u>          </u>	<u>          </u>

See accompanying notes.



**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**ITEM 1 Financial Statements**

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the Company's 58.45% owned subsidiary, Coastal Petroleum Company (Coastal Petroleum) and have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the three and six month periods ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Note 2. Going Concern

The Company has a working capital deficiency, has a limited amount of cash, has incurred recurring losses and has a deficit accumulated during the development stage. We have been and continue to be involved in several legal proceedings against the State of Florida which has limited our ability to commence development activities on our unproven oil and gas properties or obtain compensation for certain property rights we believe have been taken. The cost of that litigation has been substantial, which requires the Company to continually obtain additional capital.

The Company has received a commitment from some of its Officers to loan the Company funds during 2004 which management believes should be sufficient to fund the Company's operations through September 2004, provided that payments to the Company's litigation counsel and to the Company's salaried employee are deferred and provided further that payments to other Company counsel are also deferred. These loans totaled approximately \$53,500 through August 5, 2004. There can be no assurances that management will continue to make loans to the Company or that these loans will allow the Company to continue operations for any significant length of time. The Company may have to suspend or cease operations and may have to wind up the Company or be forced into insolvent liquidation under the laws of Bermuda unless and until the Company can secure additional financing.

These situations raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of this uncertainty.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

Note 3. Litigation

**Florida Litigation**

Coastal Petroleum has been involved in various lawsuits for many years. Coastal Petroleum's current litigation now involves one basic claim: whether the State's offshore drilling policy and its denial of a permit constitute a taking of Coastal Petroleum's property. In addition, Coastal Caribbean is a party to another action in which Coastal Caribbean claims that certain of its royalty interests have been confiscated by the State.

Lease Taking Case (Lease 224-A)

On April 7, 2004, Coastal filed a Petition for Writ of Certiorari with the United States Supreme Court asking the Court to accept jurisdiction to consider the final judgment of the trial court as affirmed by the appellate court, finding no taking of Coastal's property. On June 15, 2004, Coastal issued a press release announcing the United States Supreme Court denied the Company's Petition for Writ of Certiorari. The Company continues to evaluate its options.

Royalty Taking Case

There has been no material change in these proceedings during this quarter.

Lease Taking Case (Lease 224-B)

There has been no material change in these proceedings during this quarter.

Note 4. Loss per share

Loss per share is based upon the weighted average number of common and common equivalent shares outstanding during the period. The Company's basic and diluted calculations of EPS are the same because the exercise of options is not assumed in calculating diluted EPS, as the result would be anti-dilutive (the Company has continuing losses).

Note 5. Stock Options

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and related interpretations in accounting for its stock options because the alternative fair value accounting provided under FASB Statement No. 123, "Accounting for Stock Based Compensation," requires use of option valuation models that were not developed for use in valuing stock options. Under APB No. 25, because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by Statement 123, and has been determined as if the Company had accounted for its stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.****FORM 10-Q****PART I - FINANCIAL INFORMATION****ITEM 1 Financial Statements**Summary of Options Outstanding at June 30, 2004

<u>Granted</u>	<u>Expiration</u>	<u>Total</u>	<u>Vested</u>	<u>Exercise Prices (\$)</u>
2000	March 22, 2010	700,000	700,000	.91
		<u>700,000</u>	<u>700,000</u>	.91

(Weighted Average)

Options reserved for future grants 75,000

The assumptions used in the 2000 valuation model were: risk free interest rate  $\square$  6.66%, expected life - 10 years, expected volatility - .741, and expected dividend  $\square$  0. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Had the Company determined stock-based compensation based on the fair value of the options granted at the grant date, consistent with the method prescribed under SFAS No. 123, there would have been no change to the Company's net loss for the six months ended June 30, 2004 and 2003.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Forward Looking Statements**

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical in nature are intended to be forward looking statements. The Company cautions readers that forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. Among the risks and uncertainties are: the uncertainty of securing additional loans from management or others; the uncertainty of securing additional financing through the sale of shares of Coastal Petroleum and/or Coastal Caribbean; the uncertainty of any decision favorable to Coastal Petroleum in its litigation against the State of Florida; and the substantial cost of continuing the litigation.

**Critical Accounting Policies**

The Company follows the full cost method of accounting for its oil and gas properties. All costs associated with property acquisition, exploration and development activities whether successful or unsuccessful are capitalized. Since the Company's properties were undeveloped and nonproducing and the subject of litigation, capitalized costs were not being amortized.

The capitalized costs are subject to a ceiling test which basically limits such costs to the aggregate of the estimated present value discounted at a 10% 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.

The Company assesses whether its unproved properties are impaired on a periodic basis. This assessment is based upon work completed on the properties to date, the expiration date of its leases and technical data from the properties and adjacent areas. These properties are subject to extensive litigation with the State of Florida and all costs to date have been expensed for impairment.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd)**

**Liquidity and Capital Resources**

**Liquidity**

The Company has a working capital deficiency, has a limited amount of cash, has incurred recurring losses and has a deficit accumulated during the development stage. We have been and continue to be involved in several legal proceedings against the State of Florida which has limited our ability to commence development activities on our unproven oil and gas properties or obtain compensation for certain property rights we believe have been taken. The cost of that litigation has been substantial, which requires the Company to continually obtain additional capital.

At June 30, 2004, Coastal Caribbean had approximately \$250 of cash and cash equivalents available. In addition, the Company has received a commitment from some of its Officers to loan the Company funds during 2004 which management believes should be sufficient to fund the Company's operations through September 2004, provided that payments to the Company's litigation counsel and to the Company's salaried employee are deferred and provided further that payments to other Company counsel are also deferred. These loans totaled approximately \$53,500 through August 5, 2004. There can be no assurances that management will continue to make loans to the Company or that these loans will allow the Company to continue operations for any significant length of time.

Certain directors, officers, legal counsel and administrative consultants have agreed to defer the payment of their salaries and fees. At June 30, 2004, the amount of salaries and fees being deferred totaled approximately \$1,330,000. The Company's annual rental payments on its Florida leases of approximately \$59,000 are due beginning August 31, 2004. The Company may have to suspend or cease operations and may have to wind up the company or be forced into insolvent liquidation under the laws of Bermuda unless and until the Company can secure additional funds for operations.

Coastal Caribbean and Coastal Petroleum have attempted to raise funds from the other shareholders of Coastal Petroleum and from others. Since March 2003, Management has been unsuccessful at raising additional funds.

These situations raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of this uncertainty.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)**

**Results of Operations**

**Three months ended June 30, 2004 vs. June 30, 2003**

The Company incurred a loss of \$171,000 for the 2004 quarter, compared to a loss of \$217,000 for the comparable 2003 quarter.

**Interest income and other income decreased 100%** from \$84 in the 2003 quarter to \$-0- in the 2004 quarter because of the decrease in the amount of funds available to invest.

**Legal fees and costs increased 28%** to \$78,000 for the 2004 quarter, compared to \$61,000 in the prior period. Legal fees and costs increased in 2004 compared with 2003 due to the filing of Petition for Writ of Certiorari with the United States Supreme Court related to Coastal Petroleum Company's lawsuit against the State of Florida seeking compensation for the State's taking of its property rights to explore for oil and gas within its state Lease 224-A.

**Administrative expenses decreased 49%** during the 2004 period to \$62,000 compared to \$122,000 in the 2003 period. Accounting and administrative expenses decreased from \$16,000 in the 2003 period to \$5,000 in the 2004 period. In addition, Directors' and Officers' liability insurance decreased from \$84,000 in 2003 to \$26,000 in the 2004 quarter.

**Salaries decreased 12%** in the 2004 quarter to \$25,000 compared to \$28,000 in the 2003.

**Shareholder communications remained constant** at \$6,000 during the 2004 period compared to the 2003 period.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**Six months ended June 30, 2004 vs. June 30, 2003**

The Company incurred a loss of \$362,000 for the six months ended June 30, 2004, compared to a loss of \$546,000 for the comparable 2003 period.

**Interest income and other income decreased 100%** from \$537 in the 2003 period to \$-0- in the 2004 period because of the decrease in the amount of funds available to invest.

**Legal fees and costs decreased 10%** to \$162,000 for the 2004 period, compared to \$181,000 in the 2003 period. Legal fees and costs decreased in 2004 compared with 2003 due to the minimal activity during the first quarter of 2004 related to Coastal Petroleum Company's lawsuit against the State of Florida seeking compensation for the State's taking of its property rights to explore for oil and gas within its state Lease 224-A. This was partially offset by an increase in activity during the second quarter of 2004 related to the filing of Petition for Writ of Certiorari with the United States Supreme Court for this case.

**Administrative expenses decreased 53%** during the 2004 period to \$138,000 compared to \$292,000 in the 2003 period. Accounting and administrative expenses decreased from \$41,000 in the 2003 period to \$26,000 in the 2004 period. In addition, Directors' and Officers' liability insurance decreased from \$168,000 in 2003 to \$53,000 in the 2004 period.

**Salaries decreased 19%** in the 2004 period to \$50,000 compared to \$62,000 in the 2003 period.

**Shareholder communications remained constant** at \$12,000 during the 2004 period compared to the 2003 period.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**PART I - FINANCIAL INFORMATION**

**ITEM 3 Quantitative and Qualitative Disclosure About Market Risk**

The Company does not have any significant exposure to market risk as there were no investments in marketable securities at June 30, 2004.

**ITEM 4 Controls and Procedures**

We, Phillip W. Ware, the principal executive officer and Kenneth M. Cornell, the principal financial officer, have evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) adopted under the Securities Act of 1934) within the ninety (90) day period prior to the date of this report and have concluded:

1. That the Company's disclosure controls and procedures are adequately designed to ensure that material information relating to the Company, including its consolidated subsidiary, is timely made known to such officers by others within the Company and its subsidiary, particularly during the period in which this quarterly report is being prepared; and
2. That there were no significant changes in the Company's internal controls or in other factors that could materially affect or are reasonably likely to materially affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



**COASTAL CARIBBEAN OILS & MINERALS, LTD.  
FORM 10-Q  
PART II - OTHER INFORMATION**

**June 30, 2004**

**ITEM 5- Other Information**

On April 7, 2004, Coastal filed a Petition for Writ of Certiorari with the United States Supreme Court asking the Court to accept jurisdiction to consider the final judgment of the trial court as affirmed by the appellate court, finding no taking of Coastal's property. On June 15, 2004, Coastal issued a press release announcing the United States Supreme Court denied the Company's Petition for Writ of Certiorari. The Company continues to evaluate its options.

Director Graham B. Collis and Director John D. Monroe resigned effective July 28, 2004. Neither director resigned because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. Former Director Graham B. Collis has agreed to serve as the resident representative of the Company in Bermuda in order to meet the requirements of registration under Bermuda law.

Coastal Caribbean is currently a passive foreign investment company, or PFIC, for United States federal income tax purposes, which could result in negative tax consequences to a shareholder. If, for any taxable year, the Company's passive income or assets that produce passive income exceed levels provided by U.S. law, the Company would be a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes. For the years 1987 through 2001, Coastal Caribbean's passive income and assets that produce passive income exceeded those levels and for those years Coastal Caribbean constituted a PFIC. If Coastal Caribbean is a PFIC for any taxable year, then the Company's U.S. shareholders potentially would be subject to adverse U.S. tax consequences of holding and disposing of shares of our common stock for that year and for future tax years. Any gain from the sale of, and certain distributions with respect to, shares of the Company's common stock, would cause a U.S. holder to become liable for U.S. federal income tax under section 1291 of the Internal Revenue Code (the interest charge regime). The tax is computed by allocating the amount of the gain on the sale or the amount of the distribution, as the case may be, to each day in the U.S. shareholder's holding period. To the extent that the amount is allocated to a year, other than the year of the disposition or distribution, in which the corporation was treated as a PFIC with respect to the U.S. holder, the income will be taxed as ordinary income at the highest rate in effect for that year, plus an interest charge.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.  
FORM 10-Q  
PART II - OTHER INFORMATION**

**June 30, 2004**

**ITEM 6- Exhibits and Reports on Form 8-K**

(a) Exhibits

31.1 Certification pursuant to Rule 13a-14 by Phillip W. Ware

31.2 Certification pursuant to Rule 13a-14 by Kenneth M. Cornell

32.1 Certification pursuant to Section 906 by Phillip W. Ware

32.2 Certification pursuant to Section 906 by Kenneth M. Cornell

(b) Reports on Form 8-K

On June 15, 2004, the Company filed a Current Report on Form 8-K to report that:

The United States Supreme Court denied the Company's Petition for Writ of Certiorari. The Company continues to evaluate its options.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**

**FORM 10-Q**

**June 30, 2004**

**SIGNATURES**

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

**COASTAL CARIBBEAN OILS & MINERALS,  
LTD.**

Registrant

Date: August 13, 2004

By /s/ Phillip W. Ware  
Phillip W. Ware  
Chief Executive Officer,  
President and Treasurer

By /s/ Kenneth M. Cornell  
Kenneth M. Cornell  
Chief Financial Officer  
and Principal Financial Officer