

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10QSB

Quarterly Report under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Quarter Ended	Commission File Number
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March 31, 2002	000-31553

HOUSTON OPERATING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	76-0307819
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(State of incorporation)	(I.R.S. Employer Identification No.)

11145 Rockland Dr., Littleton,	80127
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(Address of principal executive offices) (Zip Code)	

Registrant's telephone number, including area code: (720) 981-0523

Indicate by check mark whether the registrant (1) 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 (2) has been subject to the filing requirements for at least the past 90 days.

Yes	X	No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

7,795,171 common shares as of March 31, 2002

HOUSTON OPERATING COMPANY, INC.

Financial Statements
For the Three Months Ended March 31, 2002

(Unaudited)

MICHAEL JOHNSON & CO., LLC
Certified Public Accountants
9175 East Kenyon Ave., Suite 100
Denver, Colorado 80237

Michael B. Johnson C.P.A.
Member: A.I.C.P.A.
Colorado Society of C.P.A.s

Telephone: (303) 796-0099
Fax: (303) 796-0137

REPORT ON REVIEW BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Houston Operating Company, Inc.

We have reviewed the accompanying balance sheet of Houston Operating Company, Inc. as of March 31, 2002 and the related statements of operations and cash flows for the three months ended March 31, 2002 and 2001, included in the accompanying Securities and Exchange Commission Form 10-QSB for the period ended March 31, 2002. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the balance sheet as of December 31, 2001, and the related statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein). In our report dated January 22, 2002, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of March 31, 2002 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

Michael Johnson & Co., LLC.
Denver, Colorado
May 10, 2002

/s/Michael Johnson & Co., LLC.

HOUSTON OPERATING COMPANY, INC.
BALANCE SHEETS
(Unaudited)

	March 31, 2002	December 31, 2001
ASSETS:		
Current Assets:		
Cash	\$ 429	\$ 429
Total Current Assets	429	429
TOTAL ASSETS	\$ 429	429
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,292	\$ 6,292
Advances from shareholders'	3,896	3,896
Total Current Liabilities	10,188	10,188
Stockholders' Equity (Deficit):		
Common stock, \$.001 par value; 50,000,000 shares authorized; 7,795,171 shares issued and outstanding, respectively	7,795	7,795
Additional paid-in capital	38,350	38,350
Retained deficit	(55,904)	(55,904)
Total Stockholders' Equity (Deficit)	(9,759)	(9,759)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 429	\$ 429

See accountant's review report.

HOUSTON OPERATING COMPANY, INC.
 STATEMENTS OF OPERATIONS
 (Unaudited)

	Three months ended	
	2002	March 31, 2001
	----	----
REVENUES:	\$ -	\$ -
OPERATING EXPENSES:		
Sales and marketing	-	-
General and administrative	-	29
	-----	-----
Total Operating Expenses	-	29
	-----	-----
Net Loss from Operations	-	(29)
Other Income and expenses:		
Interest income	-	-
Interest expense	-	-
Other	-	-
	-----	-----
	-	-
	-----	-----
Net Loss	\$ -	\$ (29)
	=====	=====
Weighted average number of shares outstanding	7,795,171	7,795,171
	=====	=====
Basic and diluted net loss per share	\$ -	*
	=====	=====

* - less than \$.001 loss per share

See accountant's review report.

HOUSTON OPERATING COMPANY, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Totals
	-----	-----	-----	-----	-----
Balance - December 31, 1997	2,795,171	\$ 2,795	\$ 28,820	\$ (38,874)	\$ (7,259)
Net loss for period	-	-	-	(1,725)	(1,725)
Balance - December 31, 1998	2,795,171	2,795	28,820	(40,599)	(8,984)
Conversion of loan payable to additional paid-in capital	-	-	9,530	-	9,530
Net loss for year	-	-	-	(1,000)	(1,000)
Balance - December 31, 1999	2,795,171	2,795	38,350	(41,599)	(454)
Stock issuance for cash	5,000,000	5,000	(4,000)	-	1,000
Net loss for year	-	-	-	(7,254)	(7,254)
Balance - December 31, 2000	7,795,171	7,795	34,350	(48,853)	(6,708)
Net loss for year	-	-	-	(7,051)	(7,051)
Balance - December 31, 2001	7,795,171	7,795	34,350	(55,904)	(6,708)
Net loss for period	-	-	-	-	-
Balance - March 31, 2002	7,795,171	\$ 7,795	\$ 34,350	\$ (55,904)	\$ (6,708)

See accountant's review report.

HOUSTON OPERATING COMPANY, INC.
 STATEMENTS OF CASH FLOWS
 (Unaudited)

	Three months ended	
	March 31,	
	2002	2001
	----	----
Cash Flows From Operating Activities:		
Net (Loss)	\$ -	\$ (29)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Increase in accounts payables	-	-
	----	----
	-	-
	----	----
Net Cash Used in Operating Activities	-	(29)
	----	----
Cash Flow From Financing Activities:		
Proceeds from notes payable	-	-
Sale of stock	-	-
Advances from shareholders	-	-
	----	----
Net Cash Provided By Financing Activities	-	-
	----	----
Increase (Decrease) in Cash	-	(29)
Cash and Cash Equivalents - Beginning of period	429	541
	----	----
Cash and Cash Equivalents - End of period	\$ 429	\$ 512
	=====	=====
 Supplemental Cash Flow Information:		
Cash paid during period for:		
Interest paid	\$ -	\$ -
	=====	=====
Taxes paid	\$ -	\$ -
	=====	=====

See accountant's review reports.

HOUSTON OPERATING COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Presentation of Interim Information

In the opinion of the management of Houston Operating Company, Inc., the accompanying unaudited financial statements include all normal adjustments considered necessary to present fairly the financial position as of March 31, 2002, and the results of operations and cash flows for the three months ended March 31, 2002 and 2001. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-QSB, and do not contain certain information included in the Company's audited financial statements and notes for the fiscal year ended December 31, 2001.

MANAGEMENT DISCUSSION & ANALYSIS RESULT OF OPERATION FOR THE QUARTER ENDED MARCH 31, 2002 COMPARED TO QUARTER ENDED MARCH 31, 2001

The Company had no revenues or operations for the period in 2002 or 2001. The Company incurred no miscellaneous expenses in the quarter in 2002 and \$29 in miscellaneous expenses in the quarter in 2001. The net loss for the quarter was none in 2002 and (\$29) in 2001. Loss per share was none in 2002 and nominal in 2001 for the quarter.

The current trend of lack of revenues and occasional expenses can be expected to continue until a business combination with a revenue producing business can be achieved.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have capital sufficient to meet the Company's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities and Exchange Act of 1934. The Company will have to seek loans or equity placements to cover such cash needs. In the event the Company is unable to complete a business combination during this period, lack of its existing capital may be a sufficient impediment to prevent it from accomplishing the goal of completing a business combination. There is no assurance, however, that without funds it will ultimately allow registrant to complete a business combination. Once a business combination is completed, the Company's needs for additional financing are likely to increase substantially.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

Appointment of New Directors and Resignation of Directors

None

ITEM 6.

EXHIBITS AND REPORTS ON FORM 8-K

Reports on Form 8-K were made for the period for which this report is filed.

None

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.

Date: May 14, 2002

HOUSTON OPERATING COMPANY

/s/ J.R. Nelson

J.R. NELSON, President