TRI VALLEY CORP
Form 10-K/A
April 02, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2007	Commission File No. 001-31852

TRI-VALLEY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**84-0617433**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4550 California Avenue, Suite 600, Bakersfield, California 93309

(Address of Principal Executive Offices)

Registrant's Telephone Number Including Area Code: **(661) 864-0500**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $0.001 par value	NYSE AMEX

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o Nox

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 such requirement for the past 90 days.

Yes x No o

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer or a smaller reporting company.

Large accelerated filer o Accelerated filer x Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yeso Nox

As of March 27, 2009, 27,438,367 common shares were issued and outstanding.

The aggregate market value of the common shares of Tri-Valley Corporation held by non-affiliates on the last day of the registrant’s most recently completed second fiscal quarter was approximately $179 million.

DOCUMENTS INCORPORATED BY REFERENCE: None

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Introductory Note

This Amendment No. 2 to the Form 10-K for the year ended December 31, 2007, revises the discussion of “Significant Accounting Policies” to expand the discussion changes in estimates that may cause changes in our financial results and revises Note 9. Financial Information Relating to Industry Segments, to reconcile Note 9 to the Statement of Operations. No changes to the Balance Sheet, Statement of Operations or other areas of the Financial Statements have been made.

PART I

ITEM 1 Business

Tri-Valley Corporation ("TVC" or the Company), a Delaware corporation formed in 1971, is in the business of exploring, acquiring and developing petroleum and metal and mineral properties and interests therein.

The Company identifies reportable segments by product. The Company includes revenues from both external customers and revenues from transactions with other operating segments in its measure of segment profit or loss. The Company also includes interest revenue and expense, DD&A, and other operating expenses in its measure of segment profit or loss. The results of these four segments are presented in Note 9 to the Consolidated Financial Statements.

The Company's four industry segments are:

- *Oil and gas operations* include our share of revenues from oil and gas wells on which TVOG serves as operator, royalty income and production revenue from other partnerships in which we have operating or non-operating interests. It also includes revenues for consulting services for oil and gas related activities.

- *Rig operations* began in 2006, when the Company acquired drilling rigs and began operating them through subsidiaries GVPS and GVDC. Rig operations include income from rental of oil field equipment.

- *Minerals* include the Company's mining and mineral prospects and operations, and expenses associated with those operations. In 2007, the Company recorded minerals revenue from consulting services performed for the mining and minerals industry, which are included on the operating statement as other income.

- *Drilling and development* includes revenues received from oil and gas drilling and development operations performed for joint venture partners, including the Opus-I drilling partnership.

The Company has five subsidiaries:

- Tri-Valley Oil & Gas Company ("TVOG") operates the oil & gas activities. TVOG derives the majority of its revenue from oil and gas drilling and turnkey development. TVOG primarily generates its own exploration prospects from its internal database, and also screens prospects from other geologists and companies. TVOG generates these geological "plays" within a certain geographic area of mutual interest. The prospect is then presented to potential co-ventures. The company deals with both accredited individual investors and energy industry companies. TVOG serves as the operator of these co-ventures. TVOG operates both the oil and gas production segment and the drilling and development segment of our business lines.
- Select Resources Corporation ("Select") was created in late 2004 to manage, grow and operate the minerals segment of our business lines.
- Great Valley Production Services, LLC, ("GVPS") was formed in 2006 to operate oil production services, well work over and drilling rigs, primarily for TVOG. Tri-Valley currently owns 90% of GVPS, and the remainder is owned by outside investors.
- Great Valley Drilling Company, LLC ("GVDC") was formed in 2006 to operate oil drilling rigs, primarily in Nevada where Tri-Valley has 17,000 acres of prospective oil leases. However, because rig availability is scarce in Nevada, GVDC has an exceptional opportunity to do contract drilling for third parties in both petroleum and geothermal projects. For the time being GVDC, whose operation began in the first quarter of 2007, expects its primary activity will be contract drilling for third parties.

- Tri-Valley Power Corporation is inactive at the present time.

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We sell substantially all of our oil and gas production to Pacific Summit Energy and Big West of California. Other gatherers of oil and gas production operate within our area of operations in California, and we are confident that if these companies ceased purchasing our production we could find another purchaser on similar terms with no adverse consequences to our income or operations.

In 1987, we acquired precious metals claims on state lands near Richardson, Alaska. We have conducted exploration operations on these properties and have reduced our original claims to a block of approximately 28,720 acres (44.9 square miles). We have conducted trenching, core drilling, bulk sampling and assaying activities to date and have reason to believe that mineralization exists to justify additional exploration activities. While the management and our technical team believe these properties hold considerable promise from data secured to date, we have not defined proven or probable mineral reserves on these properties. There is no assurance that a commercially viable mineral deposit exists on any of these above mentioned mineral properties. Further exploration is required before a final evaluation as to the economic and legal feasibility can be determined. The same is true for other mineral properties acquired in 2005 and 2006.

In 2004, Select acquired the Shorty Creek gold claims near Livengood, Alaska. In 2005, we transferred our existing gold exploration properties located near Richardson, Alaska to Select. In 2005, Select also entered into mineral leases on precious metals properties south of Dawson, Yukon, and acquired a calcium carbonate mine, located northwest of Ketchikan, Alaska. The latter is a very high grade, high bright deposit deemed to be among the top 1% of deposits in the world. The mine is in a care and maintenance mode while Select arranges a customer base before restarting the mine. In 2005 and 2006, Select also owned and operated our 50% interest in an industrial minerals joint venture, Trans-Western Resources, which we sold in 2006.

In late 2005 and early 2006, exploration activities were conducted on all three gold properties. The Yukon property was dropped in 2006 due to disappointing results. Further exploration is required on each of the other two gold properties before an evaluation as to the economic and technical feasibility can be determined. Select also seeks to acquire and develop additional metal and industrial mineral properties.

Competition

The oil and gas industry is highly competitive in all its phases, including both our drilling segment and our production segment. Competition is particularly intense with respect to the acquisition of desirable producing properties, the acquisition of oil and gas prospects suitable for enhanced production efforts, and the hiring of experienced personnel. Our competitors in oil and gas acquisition, development, and production include the major oil companies in addition to numerous independent oil and gas companies, individual proprietors and drilling programs. Many of these competitors possess and employ financial and personnel resources substantially greater than those which are available to us and may be able to pay more for desirable producing properties and prospects and to define, evaluate, bid for, and purchase a greater number of producing properties and prospects than we can. Our financial and personnel resources to generate reserves in the future will be dependent on our ability to select and acquire suitable producing properties and prospects in competition with these companies.

The rig operations industry is very competitive. Our drilling subsidiaries are able to charge the prevailing rates of the industry and we are able to keep our available rigs and crews contracted. We are competing with other oilfield services companies and other industries for personnel to crew our workover and drilling rig operation, which is very challenging as we continue to rapidly increase our operations. This segment of our business is new in 2007.

The Company’s drilling and development segment is also competitive in that we are competing with other oil exploration companies, drilling partnerships and other investment alternatives in order to secure funds. In order to secure funds for those prospects that we have acquired, we have a continuing need for new funds.

The mining industry is also highly competitive. Competition is particularly intense with respect to the acquisition of mineral prospects and deposits suitable for exploration and development, the acquisition of proven and probable reserves, and the hiring of experienced personnel. Our competitors in mineral property exploration, acquisition, development, and production include the major mining companies in addition to numerous intermediate and junior mining companies, mineral property investors, and individual proprietors. Many of these competitors possess and employ financial and personnel resources substantially greater than those that are available to us and may be able to pay more for desirable mineral properties and prospects and to define, evaluate, bid for, and purchase a greater number of mineral properties and prospects than we can. Our financial and personnel resources to generate mineral reserves and resources in the future will be dependent on our ability to identify, select and acquire suitable mineable properties and prospects in competition with these companies.

Governmental Regulation

Domestic exploration for the production and sale of oil and gas is extensively regulated at both the federal and state levels. Legislation affecting the oil and gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue, and have issued, rules and regulations affecting the oil and gas industry, which often are difficult and costly to comply with, and which carry substantial penalties for noncompliance. State statutes and regulations require permits for drilling operations, drilling bonds, and reports concerning operations. Most states in which we will operate also have statutes and regulations governing conservation matters, including the unitization or pooling of properties and the establishment of maximum rates of production from wells. Many state statutes and regulations may limit the rate at which oil and gas could otherwise be produced from acquired properties. Some states have also enacted statutes prescribing ceiling prices for natural gas sold within their states. Our operations are also subject to numerous laws and regulations governing plugging and abandonment, the discharge of materials into the environment or otherwise relating to environmental protection. The heavy regulatory burden on the oil and gas industry increases its costs of doing business and consequently affects its profitability. We cannot be sure that a change in such laws, rules, regulations, or interpretations, will not harm our financial condition or operating results.

Domestic exploration, development and operation of minerals and metals are extensively regulated at both the federal and state levels. Legislation affecting the mineral industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue, and have issued, rules and regulations affecting the mineral industry that often are difficult and costly to comply with and which carry substantial penalties for noncompliance. State statutes and regulations require permits for exploration, including drilling, construction and operational permits, reclamation bonds, and reports concerning operations. Our activities are subject to numerous laws and regulations reclamation and abandonment, the discharge of materials into the environment or otherwise relating to environmental protection. Our activities are also subject to numerous laws and regulations related to health and safety of mine and mine related workers. The heavy regulatory burden on the mineral industry increases its costs of doing business and consequently affects its profitability. Delays in obtaining or failure to obtain government permits and approvals may adversely impact our activities. The regulatory environment in which Select Resources operates could change in ways that would substantially increase costs to achieve compliance, or otherwise could have a material adverse effect on Select Resources' activities or financial position.

Environmental Regulation

Energy Operations

Our energy operations are subject to risks of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards, such as oil spills, natural gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. In accordance with customary industry practice, we maintain insurance against these kinds of risks, but we cannot be sure that our level of insurance will cover all losses in the event of a drilling or production catastrophe. Insurance is not available for all operational risks, such as risks that we will drill a dry hole, fail in an attempt to complete a well or have problems maintaining production from existing wells.

Oil and gas activities can result in liability under federal, state, and local environmental regulations for activities involving, among other things, water pollution and hazardous waste transport, storage and disposal. Such liability can attach not only to the operator of record of the well, but also to other parties that may be deemed to be current or prior operators or owners of the wells or the equipment involved. Numerous governmental agencies issue rules and regulations to implement and enforce such laws, which are often difficult and costly to comply with and which carry substantial administrative, civil and criminal penalties and in some cases injunctive relief for failure to comply. Some laws, rules and regulations relating to the protection of the environment may, in certain circumstances, impose "strict liability" for environmental contamination. These laws render a person or company liable for environmental and natural resource damages, cleanup costs and, in the case of oil spills in certain states, consequential damages without regard to negligence or fault. Other laws, rules and regulations may require the rate of oil and gas production to be below the economically optimal rate or may even prohibit exploration or production activities in environmentally sensitive areas. In addition, state laws often require some form of remedial action, such as closure of inactive pits and plugging of abandoned wells, to prevent pollution from former or suspended operations.

The Federal Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, also known as the "Superfund" law, imposes liability, without regard to fault, on certain classes of persons with respect to the release of a "hazardous substance" into the environment. These persons include the current or prior owner or operator of the disposal site or sites where the release occurred and companies that transported disposed or arranged for the transport or disposal of the hazardous substances found at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for the federal or state government to pursue such claims. It is also not uncommon for neighboring landowners and other third parties to file claims for personal injury or property or natural resource damages allegedly caused by the hazardous substances released into the environment. Under CERCLA, certain oil and gas materials and products are, by definition, excluded from the term "hazardous substances." At least two federal courts have held that certain wastes associated with the production of crude oil may be classified as hazardous substances under CERCLA. Similarly, under the federal Resource, Conservation and Recovery Act, or RCRA, which governs the generation, treatment, storage and disposal of "solid wastes" and "hazardous wastes," certain oil and gas materials and wastes are exempt from the definition of "hazardous wastes." This exemption continues to be subject to judicial interpretation and increasingly stringent state interpretation. During the normal course of operations on properties in which we have an interest, exempt and non-exempt wastes, including hazardous wastes, that are subject to RCRA and comparable state statutes and implementing regulations are generated or have been generated in the past. The federal Environmental Protection Agency and various state agencies continue to promulgate regulations that limit the disposal and permitting options for certain hazardous and non-hazardous wastes.

Compliance with environmental requirements, including financial assurance requirements and the costs associated with the cleanup of any spill, could have a material adverse effect on our capital expenditures or earnings. These laws and regulations have not had a material affect on our capital expenditures or earnings to date. Nevertheless, changes in environmental laws have the potential to adversely affect operations. At this time, we have no plans to make any material capital expenditures for environmental control facilities.

Mineral Operations

Select’s United States exploration and property development activities are subject to various federal and state laws and regulations governing the protection of the environment, including the Clean Air Act; The Federal Water Pollution Control Act (the Clean Water Act); Compensation and Liability Act, Toxic Substance Control Act (CERCLA); the Emergency Planning and Community Right-to-Know Act; the Endangered Species Act; the Federal Land Policy and Management Act; the National Environmental Policy Act; the Resource Conservation and Recovery Act (RECRA), the Safe Drinking Water Act; the Solid Waste Disposal Act; the Toxic Substance Control Act; the Migratory Bird Treaty Act; the Federal Mine Safety and Health Act; the Rivers and Harbors Act; the Mining Law of 1872; the National Historic Preservation Act; and the Law Authorizing Treasury’s Bureau of Alcohol, Tobacco and Firearms to Regulate Sale, Transport and Storage of Explosives,and related state laws. These laws and regulations are continually changing and are generally becoming more restrictive. Select’s activities in Canada are also subject to federal and provincial governmental regulations for the protection of the environment. In general, environmental regulations have not had, and are not expected to have, a material adverse impact on Select’s activities or our competitive position. Because we do not have active mining operations at present, these regulations have little impact on our current activities. In 2007, 2006 and 2005, the regulatory requirements had no significant effect on our precious metals or industrial mineral activities as we continued our exploration and project development efforts.

We believe that Select complies with all laws and regulations imposed by the US Federal Government and the various states in which it operates for its activities. We conduct our operations so as to protect public health and environment and believe our activities are in compliance with applicable laws and regulations in all material respects. We have made, and expect to make in the future, expenditures to comply with such laws and regulations. We have made estimates of the amount of such expenditures, but cannot precisely predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements that are applicable to each individual property.

Employees

We had a total of forty-seven employees on December 31, 2007.

Available Information

We file annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission using SEC's EDGAR system. The SEC maintains a site on the Internet at http://www.sec.gov that contains all of the Company filings free of charge including reports, proxy and information statements and other information regarding us and other registrants that file reports electronically with the SEC. You may read and copy any materials that we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Our common stock is listed on the NYSE AMEX (f/k/a American Stock Exchange), under the symbol TIV. Please call the SEC at 1-800-SEC-0330 for further information about their public reference rooms. Our website is located at http://www.tri-valleycorp.com.

We furnish our shareholders with a copy of our annual report on Form 10-K, which contains audited financial statements, and such other reports as we, from time to time, deem appropriate or as may be required by law. We use the calendar year as our fiscal year.

ITEM 1A Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered in evaluating our business.

Risks Involved in Oil and Gas Operations/Drilling and Development

Our success depends heavily on market conditions and prices for oil and gas.

Our success depends heavily upon our ability to market oil and gas production at favorable prices. In recent decades, there have been both periods of worldwide overproduction and underproduction of hydrocarbons and periods of increased and relaxed energy conservation efforts. As a result the world has experienced periods of excess supply of, and reduced demand for, crude oil on a worldwide basis and for natural gas on a domestic basis; these periods have been followed by periods of short supply of, and increased demand for, crude oil and to a lesser extent, natural gas. The excess or short supply of oil and gas has placed pressures on prices and has resulted in dramatic price fluctuations. The dramatic price increases of the past couple of years have greatly increased the value of oil and gas reserves and the potential to profit from production wells that were formerly not considered commercially productive, but there are no guarantees that this situation will continue.

Estimating oil and gas reserves leads to uncertain results and thus our estimates of value of those reserves could be incorrect.

Our reserves are annually evaluated by a qualified, independent engineering firm. The process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. As a result, such estimates are inherently imprecise. Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those estimated in reserve reports that we periodically obtain from independent reserve engineers.

Any significant variance in these assumptions could materially change the estimated quantities and present value of our reserves. In addition, our proved reserves may be subject to downward or upward revision based upon production history, results of future exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our control. Actual production, revenues, taxes, development expenditures and operating expenses with respect to our reserves will likely vary from the estimates used, and such variances may be material.

Continued production of oil and gas depends on our ability to find or acquire additional reserves, which we may not be able to accomplish.

In general, the volume of production from oil and gas properties declines as reserves are produced. Except to the extent that we acquire properties containing proved reserves or conduct successful development and exploitation activities, or both, our proved reserves will decline as reserves are produced. Our future oil and gas production is, therefore, highly dependent upon our ability to find or acquire additional reserves. The business of acquiring, enhancing or developing reserves is capital intensive. We require cash flow from operations as well as outside investments to fund our acquisition and development activities. If our cash flow from operations is reduced and external sources of capital become limited or unavailable, our ability to make the necessary capital investment to maintain or expand our asset base of oil and gas reserves would be impaired.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oil field services could adversely affect our ability to execute our exploration and development plans on a timely basis and within our budget.

Our industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies or qualified personnel. During these periods, the costs and delivery times of rigs, equipment and supplies are substantially greater. In addition, the demand for, and wage rates of, qualified drilling rig crews rise as the number of active rigs in service increases. As a result of increasing levels of exploration and production in response to strong prices of oil and natural gas, the demand for oilfield services has risen, and the costs of these services are increasing, while the quality of these services may suffer. The unavailability or high cost of drilling rigs, equipment, supplies or qualified personnel has become particularly severe in California and has materially and adversely affected us because our operations and properties are concentrated in those areas.

Our oil and gas reserves are concentrated in California.

Because we are not diversified geographically, local conditions may have a greater effect on us than on other companies. All of our oil and gas reserves are located in California. Because our reserves are not diversified geographically, our business is more subject to local conditions than other, more diversified companies.

Oil and gas drilling and production activities are subject to numerous mechanical and environmental risks that could cause less production.

These risks include the risk that no commercially productive oil or gas reservoirs will be encountered, that operations may be curtailed, delayed or canceled and that title problems, weather conditions, compliance with governmental requirements, mechanical difficulties or shortages or delays in the delivery of drilling rigs and other equipment may limit our ability to develop, produce or market our reserves. New wells we drill may not be productive and we may not recover all or any portion of our investment in the well.

Drilling for oil and gas may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. In addition, our properties may be susceptible to hydrocarbon drainage from production by other operators on adjacent properties.

Industry operating risks include the risks of fire, explosions, blow-outs, pipe failure, abnormally pressured formation and environmental hazards, such as oil spills, natural gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses due to injury or loss of life, severe damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. In accordance with customary industry practice, we maintain insurance against these kinds of risks, but our level of insurance may not cover all losses in the event of a drilling or production catastrophe. Insurance is not available for all operational risks, such as risks that we will drill a dry hole, fail in an attempt to complete a well or have problems maintaining production from existing wells.

Oil and gas activities can result in liability under federal, state, and local environmental regulations for activities involving among other things, water pollution and hazardous waste transport, storage and disposal. Such liability can attach not only to the operator of record of the well, but also to other parties that may be deemed to be current or prior operators or owners of the wells or the equipment involved. Environmental laws could subject us to liabilities for environmental damages even where we are not the operator who caused the environmental damage.

Drilling is a speculative activity, because assessments of drilling prospects are inexact.

The successful acquisition of oil and gas properties depends on our ability to assess recoverable reserves, future oil and gas prices, operating costs, potential environmental and other liabilities and other factors. Exploratory drilling remains a speculative activity. Even when fully utilized and properly interpreted, seismic data and other advanced technologies only assist geoscientists in identifying subsurface structures and do not enable the interpreter to know whether hydrocarbons are in fact present.

Therefore, our assessment of drilling prospects are necessarily inexact and their accuracy inherently uncertain. In connection with such an assessment, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Such a review, however, will not reveal all existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and structural and environmental problems are not necessarily observable even when an inspection is undertaken.

In most cases, we are not entitled to contractual indemnification for pre-closing liabilities, including environmental liabilities and we generally acquire interests in the properties on an “as is” basis with limited remedies for breaches of representations and warranties. In those circumstances in which we have contractual indemnification rights for pre-closing liabilities, the seller may not be able to fulfill its contractual obligation. In addition, competition for producing oil and gas properties is intense and many of our competitors have financial and other resources, which are substantially greater than ours. Therefore, we may not be able to acquire producing oil and gas properties which contain economically recoverable reserves or that we make such acquisitions at acceptable prices.

Governmental regulations make production more difficult and production costs higher.

Domestic exploration for the production and sale of oil and gas are extensively regulated at both the federal and state levels. Legislation affecting the oil and gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue, and have issued, rules and regulations affecting the oil and gas industry that often are difficult and costly to comply with and which carry substantial penalties for noncompliance. State statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. Most states in which we operate also have statutes and regulations governing conservation matters, including the unitization or pooling of properties and the establishment of maximum rates of production from wells. Many state statutes and regulations may limit the rate at which oil and gas could otherwise be produced from acquired properties. Some states have also enacted statutes proscribing ceiling prices for natural gas sold within their states. Our operations are also subject to numerous laws and regulations governing plugging and abandonment, the discharge of material into the environment or otherwise relating to environmental protection. The heavy regulatory burden on the oil and gas industry increases its cost of doing business and consequently affects its profitability. Any change in such laws, rules, regulations, or interpretations, may harm our financial condition or operating results.

Risks Involved in Our Rig Operations Business

Our rig operations have not yet had significant consistent revenue.

Our operations began in 2006. We have not realized a high rig utilization to date, and we cannot predict when we may begin to see an increased rig utilization.

Our rig operations may not be profitable due to:

New, lower cost competitors;

Low utilization of our rigs; and

Write-downs of asset values.

Our operations may be adversely affected by risks and hazards associated with the rig operations industry that may not be fully covered by insurance.

Our business is subject to a number of risks and hazards including:

- Environmental hazards; and
- Industrial accidents

Such risks could result in:

- Personal injury or fatalities; and
- Environmental damage

For some of these risks, we maintain insurance to protect against these losses at levels consistent with our historical experience, industry practice and circumstances surrounding each identified risk. Occurrence of events for which we are not insured may affect our cash flow and overall profitability.

Risks Involved in Our Mineral Exploration Business

Our industrial mineral operations have not yet begun to realize significant revenue.

Select was formed in late 2004. We realized no significant revenue from our investment in Select to date, and we cannot predict when, if ever, we may begin to see significant returns from these mining investments.

Our mining operations may not be profitable.

The economic value of mining operations may be adversely affected by:

Declines or changes in demand;

Declines in the market price of the various metals or minerals;

Increased production or capital costs;

Increasing environmental and/or permitting requirements and government regulations;

Reduction in the grade or tonnage of the deposit;

Increase in the dilution of the ore;

Reduced recovery rates;

Delays in new project development;

New, lower cost competitors;

Reductions in reserves; and

Write-downs of asset values.

We have no employees dedicated to our minerals segment and would require additional staff to develop these properties.

During 2007, our staff at Select resigned, and we have no employees currently dedicated full time to managing or developing our mineral properties. Any substantial development of any of these properties would require that we hire new staff to oversee them. We cannot be sure that we can find qualified people to manage this business segment, or that we could hire such people at affordable prices.

Our operations may be adversely affected by risks and hazards associated with the mining industry that may not be fully covered by insurance.

Our business is subject to a number of risks and hazards including:

- Environmental hazards;
- Industrial accidents;
- Unusual or unexpected geologic formations; and
- Unanticipated hydrologic conditions, including flooding and periodic interruptions due to inclement or hazardous weather conditions.

Such risks could result in:

- Personal injury or fatalities;
- Damage to or destruction of mineral properties or producing facilities;
- Environmental damage; and
- Delays in exploration, development or mining.

For some of these risks, we maintain insurance to protect against these losses at levels consistent with our historical experience, industry practice and circumstances surrounding each identified risk. Insurance against environmental risks is generally either unavailable or, we believe, too expensive for us, and, therefore, we do not maintain environmental insurance. Occurrence of events for which we are not insured may affect our cash flow and overall profitability.

Risks Involved in Our Operations Generally

Forward Looking Statements

Some of the information in this 10-K contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate” and “continue,” or similar words. You should rea statements that contain these words carefully because they:

• discuss our future expectations;

• contain projections of our future results of operations or of our financial condition; and

• state other “forward-looking” information.

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict and/or over which we have no control. The risk factors listed in this section, other risk factors about which we may not be aware, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You should be aware that the occurrence of the events described in these risk factors could have an adverse effect on our business, results of operations and financial condition.

If we are unable to obtain additional funding our business operations will be harmed.

We believe that our cash position and estimated 2008 cash from operations will be sufficient to meet our estimated operating and general and administrative expenses for fiscal year 2008; however, the Company will require additional funding to complete our aggressive drilling activities. Although we have always been successful in the past attracting sufficient capital and have sufficient capital for 2008 operations, we do not know if additional financing will be available when needed, or if it is available, if it will be available on acceptable terms. Insufficient funds may prevent or limit us from implementing our full business strategy.

The departure of any of our key personnel would slow our operation until we could fill the position again.

Our success will depend in large part on the continued services of our president and chief executive officer, F. Lynn Blystone. Our employment agreement with Mr. Blystone ended at the end of 2007 and is awaiting formal extension through December 31, 2011 by the Board of Directors. On March 3, 2007, the Board elected Mr. Blystone to the additional post of Chairman. The loss of his services would be particularly detrimental to us because of his background and experience in the oil and gas industry. We carry key man insurance of $500,000 on Mr. Blystone’s life.

We also consider the president of our TVOG subsidiary, Joseph R. Kandle, to be a key employee whose loss would be detrimental to us because of his oil and gas industry experience. We do not have an employment contract with Mr. Kandle. We carry key man life insurance of $1,000,000 on Mr. Kandle.

Another former key employee, Thomas J. Cunningham, retired effective January 15, 2008, and we are actively seeking a replacement to fill his role as chief administrative officer. Mr. Cunningham’s experience in the oil and gas industry was also considered important to us, and our business may suffer if we are unable to find a qualified successor.

ITEM 2 Properties

Our headquarters and administrative offices are located at 4550 California Avenue, Suite 600, Bakersfield, California 93309. We lease approximately 10,300 square feet of office space at that location. Our principal properties consist of proven and unproven oil and gas properties, mining claims on unproven precious metals properties, maps and geologic records related to prospective oil and gas and unproven precious metal properties, office and other equipment. TVOG has a worldwide geologic library with petroleum data on every continent except

Antarctica including over 700 leads and prospects in California, our present area of emphasis, along with more than 20,000 line miles of digitized 2-D seismic, the workhorse of the majority of the seismic in California.

Oil and Gas Operations

In 2005, Tri-Valley acquired several oil and gas properties and transferred them to the Opus-I Partnership for development. Tri-Valley receives a 25% carried working interest in the initial wells drilled on these properties and any initial reworks of existing wells and will then pay its 25% pro rata share of subsequent development drilling and operations on the properties. The following properties are part of the Opus-1 Partnership: **1)** Temblor Valley West, **2)** Temblor Valley East**, 3)** Pleasant Valley, **4)** Moffat Ranch, **5)** and major interest in the Ekho No. 1 deep play and the Sunrise Natural Gas Project.

Temblor Valley West/South Belridge Field: Our South Belridge lease includes 50 wells, 28 producing, 18 idle and 4 injector wells**,** plus five new drill wells overthe last two years, the Lundin-Weber D352-30, D540-30, D344-30, D188-30, and D24-30 which served to extend the known oil bearing formations to the west by over a half mile. The latter three wells were drilled in 2007. In mid-2007, two of these wells, D-352-30 and D-344-30, supported a regulatory-approved cyclic steam stimulation pilot in the Diatomite zone utilizing two of our recently refurbished, and company owned steam generators. A small-scale waterflood pilot in the Etchegoin formation was also initiated in mid-2007 including the conversion of two wells to injector service to evaluate incremental recovery potential and water movement prior to a planned waterflood expansion. Well test facilities were also installed and upgraded in 2007 to support the evaluation of pilot project production. Several idle wells were also returned to production in 2007, which included remedial wellwork to upgrade several wellbores to support our pilot operations.

In 2008, we plan to further evaluate the waterflood potential via sustained and filtered injection and the injection of radioactive tracers to pinpoint water movement and waterflood efficiency. We are working on a detailed design to expand the waterflood operation. The objective of the water flood is the potential recovery of some 2.5 million barrels of oil from the Etchegoin zone. In 2008, we plan additional Diatomite cyclic steaming operations of uphole intervals and production tests on other Etchegoin and Tulare formations in our five most recently drilled wells. We may also include a continuous steamflood pilot and horizontal well in our 2008 development plan. If results from our waterflood and/or cyclic steaming projects are favorable, additional drilling and facility upgrades in the field and procurement of a permanent water or steam source may follow.

Temblor Valley East/Edison Oil Field: This property consists of four separate leases in the Edison and Edison Grove Fields consisting of 31 total wells. It includes the Shields & Arms area, consisting of 7 wells including 3 producers, 1 injector, and 3 idle wells. In late 2007, all three current producers were restored to full-time production service and water injection was diverted to lower intervals to boost production. In 2008, we plan to restore production to the other producing leases which include 24 idle wells.

Pleasant Valley Field: This property lies in Ventura County in the Pleasant Valley Field. During 2007, we initiated thermal development of the heavy oil Upper Vaca Tar Sands by drilling and coring a vertical pilot hole followed by a 1500’ horizontal sidetrack, which represents the first horizontal well technology application in this oil field. A successful, cyclic steam stimulation pilot was initiated in this well which resulted in first production from this development in December 2007. Based on these results, we also initiated full surface facility installations in 2007. In 2008, we plan to drill at least six more horizontal wells in the Vaca Tar Sands to expand our cyclic steam injection development and boost production from this zone. We expect to install a permanent gas line to deliver fuel to our steaming operations. Also in 2007, we drilled a deeper, vertical test well to below 8000 feet from the same drilling/production location to evaluate a potential, complementary light oil development. In 2008, we will further evaluate the productive potential of the multiple oil bearing zones encountered in this test well; including hydraulic fracture stimulations.

Moffat Ranch: This gas field is located in the southern area of the California gas country in Madera County approximately 2.5 hours north of our Bakersfield, CA headquarters. Upon acquisition, this field consisted of three idle wellbores and deeper drilling potential. In late 2007, the Company drilled the deepest wellbore penetration in the field, to below 10,000 feet, to evaluate more than 14 potential producing horizons. Two of these potential gas zones were evaluated for productive potential in 2007 and one was successfully tested at over one million cubic feet per day. In 2008 we plan to tie this well into an adjacent gas sales pipeline and drill a follow-up gas producer. Our plans in 2008 also include restoring the three idle wells to production service.

Chowchilla Ranch Gas Field: We purchased approximately 6,670 acres of mineral rights, which basically covers what was the Chowchilla Ranch in Madera County, California. This land position is held by production at this time. We believe this land to be very under developed and under exploited. We plan to re-enter, recomplete and further infill drill the leasehold position. We have also leased approximately 7,500 additional acres offsetting the 6,670 acre Chowchilla property.

Ekho: In 2005, we successfully hydraulically fractured the Ekho #1 well in the Vedder Zone of completion in the interval between 18,018' and 18,525' injecting approximately 5,000 barrels of fluid, which carried approximately 118,000-pounds of bauxite propping material. While very successful mechanically, the operation did not result in the well producing hydrocarbons at commercial rates. This well still has multiple targets to evaluate further up the hole. We have been reviewing the resulting data from the fracturing operation both internally and with outside firms as it believes the potential reserve of the Vedder Zone deserves that degree of attention. We have not made a final decision yet concerning the next course of action pending a joint study by Tri-Valley and a worldwide scientific research firm we retained in December 2006.

Sunrise-Mayel: Also in 2005, we successfully hydraulically fractured a 1,000' portion of the 3,000' horizontal portion of the well bore in the Sunrise-Mayel #2H Redrill #2 well in the Sunrise Natural Gas Project in Delano, California. The well was hydraulically fractured utilizing gelled diesel, which carried in approximately 138,000 pounds of sand. Again, while mechanically successful, the operation did not result in the well producing hydrocarbons at commercial rates. As with the Ekho Project, we continue to review all available techniques to bring the Sunrise Project potential to commercial realization because of the volume of natural gas in place in the tight reservoir. The Sunrise project is included in the joint study with the scientific research organization. We believe the tight McClure Shale which hosts an estimated 3 TCF of gas in the mapped area of closure can ultimately be stimulated to release a portion of the gas in place at commercial rates once the right method is identified.

We hold approximately 17,000 acres in Nevada, all chosen from proprietary data as prospective for oil and gas exploration. We have producing interests in gas fields in the Sacramento Valley of Northern California including the Rio Vista and Dutch Slough Gas Fields. In 2007, we performed remedial rig work on the top Rio Vista producing well, which served to more than double historical production rates from the well/field. Our 2008 plans include additional work on our Rio Vista gas wells to boost gas production.

Other key operational activity in 2007 included the ongoing procurement and refurbishment of a steam generator fleet, which now includes 18 units, to support our thermal, heavy oil developments. Three of these units were restored to field-ready status in 2007 and have been mobilized and used in our field developments. Our fleet of rigs have been idle since the third quarter of 2007 in support of a refurbishment and certification campaign to upgrade our rigs for increased utility for us and other operators.

The trend of demand of petroleum products outstripping available supplies continues and has become more acute in the last year both worldwide and particularly in California which is currently importing nearly 60% of its oil and nearly 90% of its natural gas. This is all reflected in the extreme spiraling up price trend in the last year. While we expect occasional dips in the oil price, barring catastrophic terrorist or natural disaster, we believe the overall long-term price trend is up.

We do not own any bulk storage facilities or refineries. We own a small segment of a pipeline in Tracy, California. To counter the shortage of production and drilling rigs, we are assembling a fleet to service our wells and contract out when not in use.

We have retained the services of Cecil Engineering, an independent petroleum engineer qualified to estimate our net share of proved developed and undeveloped oil and gas reserves on all of our oil and gas properties at December 31, 2007 for SEC filing. For 2007, our independent engineer prepared an oil and gas reserve report using guidelines established by the U. S. Securities and Exchange Commission for valuation of oil and gas reserves. Price is a material factor in our stated reserves, because higher prices permit relatively higher-cost reserves to be produced economically. Higher prices generally permit longer recovery, hence larger reserves at higher values. Conversely, lower prices generally limit recovery to lower-cost reserves, hence smaller reserves. The process of estimating oil and gas reserve quantities is inherently imprecise. Ascribing monetary values to those reserves, therefore, yields imprecise estimated data.

Our estimated future net recoverable oil and gas reserves from proved developed properties as of December 31, 2007, 2006 and 2005 were as follows:

	BBL		MCF	
December 31, 2007	Oil	372,048	Natural Gas	791,128
December 31, 2006	Oil	275,452	Natural Gas	787,017
December 31, 2005	Oil	154,673	Natural Gas	779,598

Using year-end oil and gas prices and current levels of lease operating expenses, the estimated present value of the future net revenue to be derived from our proved developed and undeveloped oil and gas reserves, discounted at 10%, was $12,324,390 at December 31, 2007, $6,121,295 at December 31, 2006, and $7,056,072 at December 31, 2005. The unaudited supplemental information attached to the consolidated financial statements provides more information on oil and gas reserves and estimated values.

The following table sets forth the net quantities of natural gas and crude oil that we produced during:

	Year Ended December 31,		
	2007	**2006**	**2005**
Natural Gas (MCF)	45,928	86,177	128,602
Crude Oil (BBL)	7,006	6,600	17

The following table sets forth our average sales price and average production (lifting) cost per unit of oil and gas produced during:

	Year Ended December 31,					
	2007		2006		2005	
	Gas (Mcf)	Oil (BBL)	Gas (Mcf)	Oil (BBL)	Gas (Mcf)	Oil*
Sales Price	$7.15	$58.23	$6.45	$57.10	$7.00	$44.34
Production Costs	$1.55	$16.28	$1.41	$15.23	$0.73	*
Net Profit	$5.60	$41.95	$5.04	$41.87	$6.27	*

* Amount represents total sales price of associated condensate, unable to determine production cost per barrel.

As of December 31, 2007, we had the following gross and net position in wells and developed acreage:

<u>Wells (1)</u>		<u>Acres (2)</u>	
Gross	Net	Gross	Net
72	20.62	3,730	1,044

All of our producing wells and acres where the Company has a working interest are located within California.

(1) "Gross" wells represent the total number of producing wells in which we have a working interest. "Net" wells represent the number of gross producing wells multiplied by the percentages of the working interests, which we

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own. "Net wells" recognizes only those wells in which we hold an earned working interest. Working interests earned at payout have not been included.

(2) "Gross" acres represent the total acres in which we have a working interest; "net" acres represent the aggregate of the working interests, which we own in the gross acres.

The following table sets forth the number of productive and dry exploratory and development wells which we drilled during:

	Year Ended December 31,		
	2007	2006	2005
Exploratory			
Producing	-0-	-0-	-0-
Dry	-0-	-0-	1
Total	-0-	-0-	1
Development			
Producing	-5-	-2-	-0-
Dry	-0-	-0-	-0-
Total	-5-	-2-	-0-

The following table sets forth information regarding undeveloped oil and gas acreage in which we had an interest on December 31, 2007:

State	*Gross Acres*	*Net Acres*
California	26,447	22,176
Nevada	18,559	18,559

Our undeveloped acreage is held pursuant to leases from landowners. Such leases have varying dates of execution and generally expire one to five years after the date of the lease. In the next three years, the following lease gross acreage expires:

Expires in 2008	5,550 acres
Expires in 2009	3,618 acres
Expires in 2010	22,985 acres

Mineral Properties

Metals

Select’s precious metals properties are located in interior Alaska. They are the Richardson and Shorty Creek.

We acquired the Richardson claim block in 1987. It covers about 44.9 square miles or 28,720 acres of land, all of which is owned by the State of Alaska. All fees due to the State are current. The claims lie immediately north of the Richardson Highway, an all-weather paved highway that connects Fairbanks, Alaska, with points south and east. Fairbanks is approximately 65 miles northwest of Richardson, and Delta Junction, also on the highway, is about 30 miles to the southeast. The Trans Alaska Pipeline corridor is near the northeastern edge of the claim block and the service road along the pipeline provides access to the claims from the north. Numerous good to fair dirt roads traverse the claims.

The following table sets forth the information regarding the acreage position of our Richardson, Alaska claim block as of December 31, 2007:

Gross Acres	*Net Acres*
28,720	27,926

The Richardson project is an early stage gold exploration project in the Richardson District with past placer and load gold production and prospective geophysical and geochemical signatures consistent with intrusion-related gold systems. A number of highly prospective zones have been identified in previous exploration programs carried out by the Company and third-party mining companies. Geophysical assessment, geochemical sampling, and drilling programs have been carried out over several previous exploration campaigns on known gold bearing areas, including the Richardson Lineament (which includes the historic Democrat Mine and the adjacent May's Pit [not a Select property]), Hilltop, Shamrock, Buckeye and other property locations. In late-2005, Select carried out geophysical and satellite interpretation programs over the entire Richardson property and a multi-element soil auger geochemical program extending along an approximate 4.5 mile section of the Richardson Lineament (the Richardson Lineament has been identified and appears to extend in excess of 12 to 15 miles in length). The surveys defined a series of six adjacent, yet discrete precious metal and other element anomalies along the 4.5 mile strike length and one mile width of the geochemical area tested. Select also drilled eight shallow diamond drill holes in the Democrat Mine area for a total of 3,050 feet, which indicated low grade gold and silver mineralization.

In 2007, Select continued the interpretation of the work initiated in late-2005, and identified additional geochemical targets that would potentially extend the previous sampling program further along the strike of the Richardson Lineament. Select also conducted a series of local surveys in order to prepare additional areas on the Richardson Lineament and in the Hilltop for future geochemical sampling, trenching and drilling. Select also conducted annual maintenance and repair work on the Richardson Roadhouse, associated buildings and core storage areas.

Select obtained the Shorty Creek property in 2004. It is located about 60 miles northwest of Fairbanks, Alaska on the all-weather paved Elliott Highway that connects Fairbanks, Alaska with the North Slope petroleum production areas. Fairbanks is approximately 60 miles to the southwest, and the property is about 3 miles south of the abandoned townsite of Livengood. At Shorty Creek, Select controls mineral rights to 178 State of Alaska mining claims through staking and lease arrangements from Gold Range Ltd., covering approximately 17 square miles.

The following table sets forth the information regarding the acreage position of the Shorty Creek claim block as of December 31, 2007:

State	*Gross Acres*	*Net Acres*
Alaska	11,080	11,080

Mineral properties claimed on open state land require minimum annual assessment work of $100 worth per State of Alaska claim. All fees are current.

The Shorty Creek Project is an early stage gold exploration project in the Livengood District with historical exploration, geochemical sampling and drilling over several previous exploration campaigns identifying anomalous concentrations of gold, copper, molybdenum and their pathfinder elements. In 2005 Select carried out a geophysical and satellite interpretation programs over the entire Shorty Creek property. Select also conducted a multi-element soil auger geochemical program extending over one of four distinctive aeromagnetic anomalies, covering an area approximately of 1 mile, resulting in the identification of five precious metal and base metal anomalies.

To date, Select has not identified proven or probable mineral reserves on these properties. There is no assurance that a commercially viable mineral deposit exists on any of these mineral properties. Further exploration is required before a final evaluation as to the economic and technical feasibility can be determined. However, the Alaska State Geologist has said that the Shorty Creek property is the best undrilled prospect in the State of Alaska.

Industrial Minerals

Select’s industrial mineral project consists of the Admiral calcium carbonate mine in Alaska. The Admiral Mine was obtained in 2005 from Sealaska Corporation. It is located on the north-west side of Prince of Wales Island, approximately 150 (air) miles south of Juneau and 88 (air) miles northwest of Ketchikan. The mine consists of drilled high chemical grade, high brightness and high whiteness mineralized material, and is considered to be in the top 1% of high grade, high white, high bright, CaCO3 deposits in the world. “Mineralized material” means a mineralized body, which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals. Determinations of mineralized material are based upon unit cost, grade, recoveries, and other material factors to reach conclusions regarding legal and economic feasibility. Grade and brightness tests were conducted by Hazen Research Inc. of Golden, Colorado on selected run-of-mine and core sample material. Hazen’s and independent geological engineer, M. G. Bright's grade and tonnage figures correspond and support the earlier grade and tonnage figures represented by Sealaska and SeaCal, LLC. No proven or probable ore reserves have been determined which meet the standards set forth in the SEC's Industry Guide 7. (In the case of industrial minerals, proven and probable ore reserves are those which are currently in production and being sold. Relative to the Admiral mine, the operation previously had proven and probable ore reserves, however, while on standby status, the mineable material moves from the ore reserve category to mineralized material. Once production is restarted, the mineralized material will reconvert to proven and probable ore reserves.) We have obtained a preliminary estimate on the mine from M. G. Bright, independent registered professional geologist, which identifies high grade to ultra high grade (+94% to +98% $CaCO_3$), high brightness (+95 GE Brightness @ -325 mesh) calcium carbonate mineralized material in place. The purchase also includes all associated infrastructure and equipment that the previous owner installed at a cost exceeding $20 million. The current mine covers only 15 acres; the entire property covers 572 acres of patented mining ground, and includes all operating permits and tideland leases. Less than 10% of the gross acreage has been explored and we believe additional resources may yet be discovered. We do not currently have plans to proceed with redevelopment of the mine but intend to hold it while Select pursues other previously identified opportunities. Select also owns the timber rights on the acreage and believes that value alone could repay the cost of acquisition of the property.

Also in 2006, Select arranged to evaluate some 200 industrial mineral properties in Nevada from the inventory of Newmont Mining Corporation. Select had the option to negotiate exploration and development opportunities it chooses from this inventory. Select did not find any properties that fit its corporate needs, and this project is concluded.

ITEM 4 Submission of Matters To A Vote Of Security Holders

We held our annual meeting on October 6, 2007. At the meeting, the shareholders elected all of the eight directors who were recommended by the board.

The shareholder votes were as follows:

Election of Directors

	FOR	**ABSTAIN**
F. Lynn Blystone	18,682,991	1,083,187
Milton J. Carlson	18,695,290	1,070,888
Loren J. Miller	18,698,890	1,067,288
Henry Lowenstein	18,658,842	1,107,336
William H. Marumoto	18,671,842	1,094,336
G. Thomas Gamble	18,680,242	1,085,936
Edward M. Gabriel	18,689,898	1,076,280
Paul W. Bateman	18,688,998	1,077,180

Vote on Proposal – To amend the 2005 Stock Option and Incentive Plan

FOR	AGAINST	ABSTAIN
10,343,253	3,081,016	1,041,749

Vote to ratify the board's and management's actions and resolutions taken and made since the previous shareholder meeting

FOR	AGAINST	ABSTAIN
17,762,007	941,887	1,062,284

PART II

ITEM 5 Market Price Of The Registrant's Common Stock And Related Security Holder Matters

Our common stock trades on the NYSE AMEX under the symbol "TIV". The following table shows the high and low sales prices and high and low closing prices reported for the years ended December 31, 2007 and 2006:

	Sales Prices		**Closing Prices**	
	High	Low	High	Low
2007				
Fourth Quarter	$8.20	$5.85	$8.20	$6.12
Third Quarter	$8.20	$6.00	$8.15	$6.27
Second Quarter	$9.36	$7.37	$9.17	$7.56
First Quarter	$9.67	$6.80	$9.37	$7.15
2006				
Fourth Quarter	$10.20	$6.75	$10.07	$6.77
Third Quarter	$8.01	$5.80	$7.49	$5.84
Second Quarter	$9.50	$5.52	$9.01	$5.63
First Quarter	$8.77	$7.30	$8.69	$7.35

As of December 31, 2007, we estimate that we have approximately 4,500 shareholders in the United States and several foreign countries held our common stock.

We historically have paid no dividends and at this time do not plan to pay any dividends in the immediate future. Rather, we strive to add share value through discovery success. In 2007, trading volume exceeded 10 million shares.

Performance Graph

The following table compares the performance of Tri-Valley Corporation's common stock with the performance of the Standard & Poor's 500 Composite Stock Index and the Amex Oil Index from December 31, 2002 through December 31, 2007. The table shows the appreciation of our common stock relative to two broad-based stock performance indices. The information is included for historical comparative purposes only and should not be considered indicative of future stock performance. The table and graph compares the yearly percentage change in the cumulative total stockholder return on $100 invested in our common stock with the cumulative total return of the two stock indices.

The stock performance graph assumes for comparison that the value of the Company's Common Stock and of each index was $100 on December 31, 2002 and that all dividends were reinvested. Past performance is not necessarily an indicator of future results.

	2002	2003	2004	2005	2006	2007
Tri-Valley Corporation	**$100**	**$314**	**$874**	**$556**	**$678**	**$529**
S & P 500 Index	$100	$128	$142	$149	$172	$182
AMEX Oil Index	$100	$129	$170	$236	$290	$387

Equity Compensation Plan Information

The following table sets forth, for the Company's equity compensation plans, the number of options and restricted stock outstanding under such plans, the weighted-average exercise price of outstanding options, and the number of shares that remain available for issuance under such plans, as of December 31, 2007.

	Total securities to be issued upon exercise of outstanding options or vesting of restricted stock		Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan category	Number (a)	Weighted-average exercise price (b)	(c)
Equity compensation plans approved by security holders	2,727,350	$3.76	1,831,500
Equity compensation plans not approved by security holders	240,000	$0.50	-
Total	2,967,350	$3.50	1,831,500

Recent Sales of Unregistered Securities

On December 17, 2007, 150,000 shares of our restricted common stock were sold at a price of $6.00 per share to six private individuals along with 50,000 of attached warrants for a total consideration of $900,000. The warrants have a two-year life and are exercisable at $7.00 per share. The closing price of our stock on that day was $6.19 per share. Also on December 14, we sold 200,000 shares of restricted common stock to a director, G. Thomas Gamble for $6.25 per share for a total consideration of $1,250,000. The closing price of our stock on that day was $6.20 per share. The aggregate selling price of these transactions was $2,150,000. All of these shares were sold in privately negotiated transactions in reliance on the exemption contained in Section 4(2) of the Securities Act.

ITEM 6 Selected Historical Financial Data

	2007	2006	2005	2004	2003
Income Statement Data:					
Revenues	$ 11,016,107	$ 4,936,723	$ 12,526,110	$ 4,498,670	$ 6,464,245
Operating Income (Loss)	$ (8,746,830)	$ (5,881,276)	$ (4,919,707)	$ (1,097,999)	$ 456,109
Loss from discontinued operations	$ -	$ (4,774,840)	$ (4,810,364)	$ (73,006)	$ -
Gain on disposal of discontinued operations	$ -	$ 9,715,604	$ -	$ -	$ -
Income (loss) before minority interest	$ (8,746,830)	(940,512)	(9,730,071)	(1,171,005)	456,109
Minority interest	$ (139,939)	(27,341)	-	-	-
Net loss	$ (8,606,891)	$ (913,171)	$ (9,730,071)	$ (1,171,005)	$ 456,109
Basic Earnings per share:					
Loss from continuing operations	$ (0.35)	$ (0.25)	$ (0.22)	$ (0.05)	$ 0.02
Income (loss) from discontinued operations, net	$ -	$ 0.21	$ (0.21)	$ (0.01)	$ 0.00
Basic Earnings Per Share	$ (0.35)	$ (0.04)	$ (0.43)	$ (0.06)	$ 0.02
Balance Sheet Data:					
Property and Equipment, net	$ 16,232,653	$ 12,076,043	$ 13,635,981	$ 1,778,208	$ 1,543,121
Total Assets	$ 25,254,895	$ 28,654,125	$ 19,738,730	$ 14,473,326	$ 8,341,782
Long Term Obligations	$ 2,355,707	$ 2,963,562	$ 4,528,365	$ 6,799	$ 16,805
Minority Interest	249,945	5,410,746	-	-	-
Stockholder's Equity	$ 12,112,184	$ 11,232,872	$ 7,572,720	$ 6,796,903	$ 1,851,783

No cash dividends have been declared.

ITEM 7 Management's Discussion And Analysis of Financial Condition

Notice Regarding Forward-Looking Statements

This report contains forward-looking statements. The words, "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "could," "may," "foresee," and similar expressions are intended to identify forward-looking statements. These statements include information regarding expected development of the Company's business, lending activities, relationship with customers, and development in the oil and gas industry. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, believed, estimated or otherwise indicated.

Overview

Thanks to the acquisition of producing properties, TVOG's reserves are increasing while demand for petroleum products increases. While the trend for demand to outstrip available supplies is worldwide as well as national, we believe that it is particularly acute in California, our primary venue for exploration and production, which imports nearly 60% of its oil and nearly 90% of its natural gas demand. Oil prices tend to be set based on supply and demand, while natural gas prices seem to be more dependent on local conditions. We expect that gas prices will hold steady or possibly increase over this year. If, however, prices should fall, for instance due to new regulatory measures or the discovery of new and easily producible reserves or a terrorist attack that would reduce flying and traveling to create a temporary glut from reduced fuel use, our revenue from oil and gas sales would also fall.

In 2002 we created a limited partnership called the OPUS-I. The purpose of this partnership is to raise one hundred million dollars by selling partnership interests. For the year ended December 31, 2007, OPUS I partnership raised

$15,972,108 for drilling and development and spent $17,789,571 primarily on the purchase of the Moffat East Ranch prospect; on drilling the Lundin-Weber 188, Lundin-Weber 344, Lundin-Weber 24, and Lundin-Weber 270; the turnkey and completion of the Pleasant Valley #1; the drilling and in progress completion of the Pleasant-Valley #2; and the turnkey and completion of the Moffat Ranch 48X-7.

At the end of 2005, with the acquisition of Pleasant Valley, Temblor Valley and Moffat Ranch East on behalf of the partnership, it was determined to end the raising of funds for the remainder of exploration plays in favor of capitalizing development of the properties to build production and revenue to achieve a high multiple return to Opus investors rather than continue further exploration risk for the Opus I partners. A new partnership is envisioned for further exploration.

We continue grading and prioritizing our proprietary geologic library, which contains over 700 California leads and prospects, for exploratory drilling. We use our library and our