ADAMS RESOURCES & ENERGY, INC.
Form 10-Q
August 14, 2012

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

x Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2012
Commission File Number 1-7908

ADAMS RESOURCES & ENERGY, INC.
(Exact name of Registrant as specified in its charter)

Delaware	74-1753147
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

17 South Briar Hollow Lane, Suite 100, Houston, Texas 77027
(Address of principal executive office & Zip Code)

Registrant's telephone number, including area code (713) 881-3600

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 filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 126-2 of the Exchange Act. (Check one)

Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

A total of 4,217,596 shares of Common Stock were outstanding at August 10, 2012.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
REVENUES:				
Marketing	$1,668,152	$1,400,664	$810,722	$755,648
Transportation	33,396	34,149	17,128	18,076
Oil and natural gas	7,415	6,571	3,624	3,814
	1,708,963	1,441,384	831,474	777,538
COSTS AND EXPENSES:				
Marketing	1,647,938	1,387,104	799,957	749,663
Transportation	25,472	27,350	13,509	14,114
Oil and gas operations	3,722	3,835	1,954	2,033
Oil and gas property sale (gain)	-	(2,833)	-	-
General and administrative	4,697	4,597	2,465	2,488
Depreciation, depletion and amortization	9,189	7,108	5,026	3,792
	1,691,018	1,427,161	822,911	772,089
Operating earnings	17,945	14,223	8,563	5,448
Other income (expense):				
Interest income	42	91	21	43
Interest expense	(3)	(7)	(2)	(7)
Earnings from continuing operations before income taxes	17,984	14,307	8,582	5,484
Income tax (provision)	(6,437)	(5,174)	(3,085)	(2,129)
Earnings from continuing operations	11,547	9,133	5,497	3,355
Earnings (loss) from discontinued operations net of tax (provision) benefit of ($223),($20), $60 and $(125), Respectively	414	39	(111)	234
Net earnings	$11,961	$9,172	$5,386	$3,589
EARNINGS PER SHARE:				
From continuing operations	$2.74	$2.17	$1.31	$.79
From discontinued operations	.10	-	(.03)	.06
Basic and diluted net earnings per common share	$2.84	$2.17	$1.28	$.85

DIVIDENDS PER COMMON SHARE	$-	$-	$-	$-

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$32,213	$37,066
Accounts receivable, net of allowance for doubtful accounts of $308 and $357, respectively	190,133	225,393
Inventory	17,001	18,464
Fair value contracts	1,010	2,064
Income tax receivable	-	480
Prepayments	9,083	10,651
Current assets of discontinued operations	307	10,847
Total current assets	249,747	304,965
Property and Equipment		
Marketing	41,389	33,004
Transportation	61,048	54,359
Oil and gas (successful efforts method)	93,482	81,668
Other	1,406	2,772
	197,325	171,803
Less – Accumulated depreciation, depletion and amortization	(107,734)	(102,946)
	89,591	68,857
Other Assets:		
Deferred income tax asset	758	473
Cash deposits and other	3,939	4,167
Long-term assets of discontinued operations	-	378
	$344,035	$378,840
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$195,653	$243,615
Accounts payable – related party	43	58
Fair value contracts	620	681
Accrued and other liabilities	11,635	6,095
Current deferred income taxes	404	505
Current liabilities of discontinued operations	-	5,140
Total current liabilities	208,355	256,094
Other Liabilities:		
Asset retirement obligations	1,741	1,568
Deferred taxes and other liabilities	11,296	10,496
	221,392	268,158
Commitments and Contingencies (Note 5)		

Shareholders' Equity:		
Preferred stock - $1.00 par value, 960,000 shares		
authorized, none outstanding	-	-
Common stock - $.10 par value, 7,500,000 shares		
authorized, 4,217,596 shares outstanding	422	422
Contributed capital	11,693	11,693
Retained earnings	110,528	98,567
Total shareholders' equity	122,643	110,682
	$344,035	$378,840

The accompanying notes are an integral part of these financial statements.

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30,	
	2012	2011
CASH PROVIDED BY OPERATIONS:		
Net earnings	$11,961	$9,172
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation, depletion and amortization	9,189	7,320
Property sale (gains) losses	(2,982)	(3,368)
Dry hole costs incurred	41	511
Impairment of oil and gas properties	629	562
Provision for doubtful accounts	(49)	287
Deferred income taxes	425	4,761
Net change in fair value contracts	993	(508)
Decrease (increase) in accounts receivable	44,124	(22,866)
Decrease (increase) in inventories	1,642	(5,802)
Decrease (increase) in income tax receivable	417	1,909
Decrease (increase) in prepayments	1,568	(376)
Increase (decrease) in accounts payable	(52,968)	36,681
Increase (decrease) in accrued liabilities	6,362	2,379
Other changes, net	196	(91)
Net cash provided by operating activities	21,548	30,571
INVESTING ACTIVITIES:		
Property and equipment additions	(31,610)	(30,262)
Insurance and state collateral (deposits) refunds	257	-
Proceeds from property sales	1,406	7,296
Proceeds from discontinued operations	3,546	-
Investment in marketable securities	-	(11,098)
Redemption of marketable securities	-	2,400
Net cash (used in) investing activities	(26,401)	(31,664)
Increase (decrease) in cash and cash equivalents	(4,853)	(1,093)
Cash and cash equivalents at beginning of period	37,066	29,032
Cash and cash equivalents at end of period	$32,213	$27,939

The accompanying notes are an integral part of these financial statements

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited but, in the opinion of the Company's management, include all adjustments (consisting of normal recurring accruals) necessary for the fair presentation of its financial position at June 30, 2012, its results of operations for the six months ended June 30, 2012 and 2011 and its cash flows for the six months ended June 30, 2012 and 2011. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to Securities and Exchange Commission rules and regulations. The impact on the accompanying financial statements of events occurring after June 30, 2012, has been evaluated through the date these financial statements were issued. During the first quarter of 2012, the Company discontinued its refined products marketing operation (See Note 6) and as a result, certain prior year balances were reclassified for consistency of presentation.

Although the Company believes the disclosures made are adequate to make the information presented not misleading, it is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements, and the notes thereto, included in the Company's latest annual report on Form 10-K. The interim statement of operations is not necessarily indicative of results to be expected for a full year.

Note 2 - Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

The Company is engaged in the business of crude oil and natural gas marketing, as well as tank truck transportation of liquid chemicals and oil and gas exploration and production. Its primary area of operation is within a 1,000 mile radius of Houston, Texas. The accompanying condensed consolidated financial statements include the accounts of Adams Resources & Energy, Inc., a Delaware corporation, and its wholly owned subsidiaries (the "Company") after elimination of all intercompany accounts and transactions.

Cash and Cash Equivalents

Cash and cash equivalents include any Treasury bill, commercial paper, money market fund or federal funds with maturity of 90 days or less. Depending on cash availability and market conditions, investments in corporate and municipal bonds, which are classified as investments in marketable securities, may also be made from time to time. Cash and cash equivalents are maintained with major financial institutions and such deposits may exceed the amount of federally backed insurance provided. While the Company regularly monitors the financial stability of such institutions, cash and cash equivalents ultimately remain at risk subject to financial viability of such institutions.

Inventory

Inventory consists of crude oil held in storage tanks and at third-party pipelines as part of the Company’s crude oil marketing operations. Crude oil inventory is carried at the lower of average cost or market.

Prepayments

The components of prepayments and other are as follows (in thousands):

	June 30, 2012	December 31, 2011
Cash collateral deposits for commodity purchases	$5,000	$6,521
Insurance premiums	2,266	2,033
Commodity imbalances and futures	1,058	1,452
Rents, license and other	759	645
	$9,083	$10,651

Property and Equipment

Expenditures for major renewals and betterments are capitalized, and expenditures for maintenance and repairs are expensed as incurred. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets. When properties are retired or sold, the related cost and accumulated depreciation, depletion and amortization ("DD&A") is removed from the accounts and any gain or loss is reflected in earnings.

Oil and gas exploration and development expenditures are accounted for in accordance with the successful efforts method of accounting. Direct costs of acquiring developed or undeveloped leasehold acreage, including lease bonus, brokerage and other fees, are capitalized. Exploratory drilling costs are initially capitalized until the properties are evaluated and determined to be either productive or nonproductive. Such evaluations are made on a quarterly basis. If an exploratory well is determined to be nonproductive, the costs of drilling the well are charged to expense. Costs incurred to drill and complete development wells, including dry holes, are capitalized. As of June 30, 2012, the Company had no unevaluated or suspended exploratory drilling costs.

Depreciation, depletion and amortization of the cost of proved oil and gas properties is calculated using the unit-of-production method. The reserve base used to calculate depreciation, depletion and amortization for leasehold acquisition costs and the cost to acquire proved properties is the sum of proved developed reserves and proved undeveloped reserves. For lease and well equipment, development costs and successful exploration drilling costs, the reserve base includes only proved developed reserves. All other property and equipment is depreciated using the straight-line method over the estimated average useful lives of three to twenty years.

The Company reviews its long-lived assets for impairment whenever there is evidence that the carrying value of such assets may not be recoverable. Any impairment recognized is permanent and may not be restored. Producing oil and gas properties are reviewed on a field-by-field basis. The fair value of each oil and gas property is estimated based on an internal discounted cash-flow model. Cash flows are developed based on estimated future production and prices and then discounted using a market based rate of return consistent with that used by the Company in evaluating cash flows for other assets of a similar nature. For the six-month periods ended June 30, 2012 and 2011, there were $71,000 and zero, respectively, of impairment provisions on producing oil and gas properties. Such impairment provisions were $70,000 and zero for the three-month periods ended June 30, 2012 and 2011, respectively.

On a quarterly basis, management evaluates the carrying value of non-producing oil and gas leasehold properties and may deem them impaired based on remaining lease term, area drilling activity and the Company's plans for the property. This fair value measure depends highly on management's assessment of the likelihood of continued exploration efforts in a given area and, as such, data inputs are categorized as "unobservable or Level 3" inputs. Importantly, this fair value measure only applies to the write-down of capitalized costs and will never result in an increase to reported earnings. Accordingly, impairment provisions on non-producing properties totaling $558,000 and $562,000 were recorded for the six-month periods ended June 30, 2012 and 2011, respectively. Such impairment provisions were $294,000 and $335,000 for the three-month periods ended June 30, 2012 and 2011, respectively. Capitalized costs for non-producing oil and gas leasehold interests currently represent approximately four percent of total oil and gas property costs and are categorized as follows:

	June 30, 2012	December 31, 2011
South Texas Project acreage	$2,930,000	$2,212,000
West Texas Project acreage	226,000	288,000
Napoleonville, Louisiana acreage	323,000	320,000
Other acreage areas	407,000	475,000
Total Non-producing Leasehold Costs	$3,886,000	$3,295,000

The South Texas, West Texas and Napoleonville acreage areas have active or scheduled drilling operations underway and holding the underlying acreage is essential to the ongoing exploration effort. The "Other Acreage Areas" category consists of smaller onshore interests dispersed over a wide geographical area. Since the Company is generally not the operator of its oil and gas property interests, it does not maintain underlying detail acreage data and is dependent on the operator when determining which specific acreage will ultimately be drilled. The capitalized cost detail on a property-by-property basis is reviewed however, by management, and deemed impaired if development is not anticipated prior to lease expiration. Onshore leasehold periods are normally three years and may contain renewal options. Capitalized cost activity on the "Other Acreage Areas" was as follows:

Balance December 31, 2011	$475,000
Property additions	490,000
Impairments	(558,000)
Balance June 30, 2012	$407,000

In January 2011, the Company completed the sale of its interest in certain producing oil and gas properties located in the on-shore Gulf Coast region of Texas. Proceeds from the sale totaled $6.2 million and the pre-tax gain from this transaction totaled $2,708,000. Also during the first quarter 2011, the Company sold a portion of its interest in certain non-producing oil and gas properties located in West Texas. Total proceeds from the sale were $329,000 and the Company recorded a $125,000 gain from this transaction.

Cash Deposits and Other Assets

The Company has established certain deposits to support participation in its liability insurance program and remittance of state crude oil severance taxes and other state collateral deposits. Insurance collateral deposits are invested at the discretion of the Company's insurance carrier and such investments primarily consist of intermediate term federal

government bonds and bonds backed by federal agencies. Components of cash deposits and other assets are as follows (in thousands):

	June 30, 2012	December 31, 2011
Insurance collateral deposits	$3,101	$3,331
State collateral deposits	141	168
Materials and supplies	697	668
	$3,939	$4,167

Revenue Recognition

Certain commodity purchase and sale contracts utilized by the Company's marketing businesses qualify as derivative instruments. Further, all natural gas, as well as certain specifically identified crude oil purchase and sale contracts, are designated as trading activities. From the time of contract origination, such trading activity contracts are marked-to-market and recorded on a net revenue basis in the accompanying financial statements.

Most crude oil purchase contracts and sale contracts qualify and are designated as non-trading activities and the Company considers such contracts as normal purchases and sales activity. For normal purchases and sales, the Company's customers are invoiced monthly based upon contractually agreed upon terms with revenue recognized in the month in which the physical product is delivered to the customer. Such sales are recorded gross in the financial statements because the Company takes title, has risk of loss for the products, is the primary obligor for the purchase, establishes the sale price independently with a third party and maintains credit risk associated with the sale of the product.

Certain crude oil contracts may be with a single counterparty to provide for similar quantities of crude oil to be bought and sold at different locations. These contracts are entered into for a variety of reasons, including effecting the transportation of the commodity, to minimize credit exposure, and/or to meet the competitive demands of the customer. Such buy/sell arrangements are reflected on a net revenue basis in the accompanying financial statements.

Transportation customers are invoiced, and the related revenue is recognized, as the service is provided. Oil and gas revenue from the Company's interests in producing wells is recognized as title and physical possession of the oil and gas passes to the purchaser.

Concentration of Credit Risk

The Company's largest customers consist of large multinational integrated oil companies and utilities. In addition, the Company transacts business with independent oil producers, major chemical concerns, crude oil and natural gas trading companies and a variety of commercial energy users. Within this group of customers the Company generally derives up to 50 percent of its revenues from two to three large crude oil refining concerns. While the Company has ongoing established relationships with certain domestic refiners of crude oil, alternative markets are readily available since the Company supplies less than one percent of U.S. domestic refiner demand. As a fungible commodity delivered to major Gulf Coast supply points, the Company's crude oil sales can be readily delivered to alternative end markets. Management believes that a loss of any of those customers where the Company currently derives more than 10 percent of its revenues would not have a material adverse effect on the Company's operations.

Accounts receivable associated with crude oil and natural gas marketing activities comprise approximately 90 percent of the Company's total receivables and industry practice requires payment for such sales to occur within 25 days of the end of the month following a transaction. The Company's customer makeup, credit policies and the relatively short duration of receivables mitigate the uncertainty typically associated with receivables management.

7

Letter of Credit Facility

The Company maintains a Credit and Security Agreement with Wells Fargo Bank to provide a $60 million stand-by letter of credit facility that is used to support the Company's crude oil and natural gas purchases within the marketing segment. This facility is collateralized by the eligible accounts receivable within those operations and certain marketing and transportation equipment. Stand-by letters of credit issued totaled $35.6 million and $38.9 million as of June 30, 2012 and December 31, 2011, respectively. The issued stand-by letters of credit are cancelled as the underlying purchase obligations are satisfied by cash payment when due. The letter of credit facility places certain restrictions on the Company's Gulfmark Energy, Inc. and Adams Resources Marketing, Ltd. subsidiaries. Such restrictions included the maintenance of a combined 1.1 to 1.0 current ratio and the maintenance of positive net earnings excluding inventory valuation changes, as defined, among other restrictions. The Company is currently in compliance with all such financial covenants.

Statement of Cash Flows

Interest paid totaled $3,000 and $7,000 during the six-month periods ended June 30, 2012 and 2011, respectively, while taxes paid during these same periods totaled $3,301,000 and $508,000, respectively. In addition during the first half 2011, the Company received state and federal income tax refunds totaling $2,094,000. Non-cash investing activities for property and equipment were $2,627,000 and $4,070,000 as of June 30, 2012 and December 31, 2011, respectively and $3,511,000 and $2,868,000 as of June 30, 2011 and December 31, 2010, respectively. There were no significant non-cash financing activities in any of the periods reported.

Earnings Per Share

Earnings per share are based on the weighted average number of shares of common stock and potentially dilutive common stock shares outstanding during the period. The weighted average number of shares outstanding was 4,217,596 for 2011, 2010 and 2009. There were no potentially dilutive securities during those periods.

Share-Based Payments

During the periods presented herein, the Company had no stock-based employee compensation plans and no other share-based payment arrangements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of significant estimates used in the accompanying consolidated financial statements include the oil and gas reserve volumes that form the foundation for (1) calculating depreciation, depletion and amortization and (2) deriving cash flow estimates to assess impairment triggers or estimated values associated with oil and gas property, revenue accruals, the provision for bad debts, insurance related accruals, income tax timing differences, contingencies and valuation of fair value contracts.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax basis.

Use of Derivative Instruments

The Company's marketing segment is involved in the purchase and sale of crude oil and natural gas. The Company seeks to make a profit by procuring such commodities as they are produced and then delivering such products to the end users or intermediate use marketplace. As is typical for the industry, such transactions are made pursuant to the terms of forward month commodity purchase and/or sale contracts. Certain of these contracts meet the definition of a derivative instrument, and therefore, the Company accounts for such contracts at fair value, unless the normal purchase and sale exception is applicable. Such underlying contracts are standard for the industry and are the governing document for the Company's crude oil and natural gas wholesale distribution businesses. The accounting methodology utilized by the Company for its commodity contracts is further discussed below under the caption "Fair Value Measurements".

None of the Company's derivative instruments have been designated as hedging instruments and the estimated fair value of forward month commodity contracts (derivatives) is reflected in the accompanying Unaudited Condensed Consolidated Balance Sheet as of June 30, 2012 as follows (in thousands):

	Balance Sheet Location and Amount			
	Current Assets	Other Assets	Current Liabilities	Other Liabilities
Asset Derivatives				
- Fair Value Forward Hydrocarbon Commodity				
Contracts at Gross Valuation	$4,426	$-	$-	$-
Liability Derivatives				
- Fair Value Forward Hydrocarbon Commodity	-			
Contracts at Gross Valuation	-	-	4,036	-
Less Counterparty Offsets	(3,416)	-	(3,416)	-
As Reported Fair Value Contracts	$1,010	$-	$620	$-

Forward month commodity contracts (derivatives) are reflected in the accompanying Unaudited Condensed Consolidated Balance Sheet as of December 31, 2011 as follows (in thousands):

	Balance Sheet Location and Amount			
	Current Assets	Other Assets	Current Liabilities	Other Liabilities
Asset Derivatives				
- Fair Value Forward Hydrocarbon Commodity				
Contracts at Gross Valuation	$3,500	$-	$-	$-
Liability Derivatives				
- Fair Value Forward Hydrocarbon Commodity				
Contracts at Gross Valuation	-	-	2,117	-
Less Counterparty Offsets	(1,436)	-	(1,436)	-
As Reported Fair Value Contracts	$2,064	$-	$681	$-

The Company only enters into commodity contracts with credit worthy counterparties or obtains collateral support for such activities. As of June 30, 2012 and December 31, 2011, the Company was not holding nor has it posted any collateral to support its forward month fair value derivative activity. The Company is not subject to any credit-risk related trigger events.

Forward month commodity contracts (derivatives) are reflected in the accompanying Unaudited Condensed Consolidated Statement of Operations for the six and three-month periods ended June 30, 2012 and 2011 as follows (in thousands):

	Earnings (Loss) Six Months Ended June 30,		Earnings (Loss) Three Months Ended June 30,	
	2012	2011	2012	2011
Revenues – marketing	$(993)	$508	$1,889	$(306)

Fair Value Measurements

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. Marketable securities are recorded at fair value based on market quotations from actively traded liquid markets.

Fair value contracts consist of derivative financial instruments and are recorded as either an asset or liability measured at its fair value. Changes in fair value are recognized immediately in earnings unless the derivatives qualify for, and the Company elects, cash flow hedge accounting. The Company had no contracts designated for hedge accounting during any current reporting periods.

Fair value estimates are based on assumptions that market participants would use when pricing an asset or liability and the Company uses a fair value hierarchy of three levels that prioritizes the information used to develop those assumptions. Currently, for all items presented herein, the Company utilizes a market approach to valuing its contracts. On a contract by contract, forward month by forward month basis, the Company obtains observable market data for valuing its contracts. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is summarized as follows:

Level 1 –quoted prices in active markets for identical assets or liabilities that may be accessed at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. For Level 1 valuation of marketable securities, the Company utilizes market quotations provided by its primary financial institution and for the valuation of derivative financial instruments the Company utilizes the New York Mercantile Exchange “NYMEX” for such valuations.

Level 2 – (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical assets or liabilities but in markets that are not actively traded or in which little information is released to the public, (c) observable inputs other than quoted prices and (d) inputs derived from observable market data. Source data for Level 2 inputs include information provided by the NYMEX, the Intercontinental Exchange “ICE”, published price data and indices, third party price survey data and broker provided forward price statistics.

Level 3 – Unobservable market data inputs for assets or liabilities.

10

As of June 30, 2012, the Company's fair value assets and liabilities are summarized and categorized as follows (in thousands):

	Market Data Inputs				
	Gross Level 1	Gross Level 2	Gross Level 3	Counterparty	
	Quoted Prices	Observable	Unobservable	Offsets	Total
Derivatives					
- Current assets	$-	$4,426	$ -	$ (3,416)	$1,010
- Current liabilities	(513)	(3,523)	-	3,416	(620)
Net Value	$(513)	$903	$ -	$ -	$390

As of December 31, 2011, the Company's fair value assets and liabilities are summarized and categorized as follows (in thousands):

	Market Data Inputs				
	Gross Level 1	Gross Level 2	Gross Level 3	Counterparty	
	Quoted Prices	Observable	Unobservable	Offsets	Total
Derivatives					
- Current assets	$1,455	$2,045	$ -	$ (1,436)	$2,064
- Current liabilities	(675)	(1,442)	-	1,436	(681)
Net Value	$780	$603	$ -	$ -	$1,383

When determining fair value measurements, the Company makes credit valuation adjustments to reflect both its own nonperformance risk and its counterparty's nonperformance risk. When adjusting the fair value of derivative contracts for the effect of nonperformance risk, the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, and guarantees are considered. Credit valuation adjustments utilize Level 3 inputs, such as credit scores to evaluate the likelihood of default by the Company or its counterparties. As of June 30, 2012 and December 31, 2011, credit valuation adjustments were not significant to the overall valuation of the Company's fair value contracts. As a result, applicable fair value assets and liabilities in their entirety are classified in Level 2 of the fair value hierarchy.

Recent Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Update (ASU) No. 2011-04, which further amends the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification. Among other provisions, ASU 2011-04 expands and modifies certain principles and requirements for measuring fair value and disclosing fair value measurement information. The Company adopted ASU 2011-04 effective January 1, 2012 and the adoption of ASU 2011-04 did not have a material impact on the Company's financial statements, but additional disclosures regarding fair value measurements resulted.

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on the Company's consolidated financial position, results of operations or cash flows upon adoption.

Note 3 – Segment Reporting

The Company is engaged in the business of crude oil and natural gas as well as tank truck transportation of liquid chemicals, and oil and gas exploration and production. Information concerning the Company's various business activities is summarized as follows (in thousands):

- Six Month Comparison

	Revenues	Segment Operating Earnings	Depreciation Depletion and Amortization	Property and Equipment Additions
Period Ended June 30, 2012				
Marketing				
- Crude Oil	$1,665,204	$16,602	$ 2,728	$7,406
- Natural gas	2,948	883	1	-
Marketing Total	1,668,152	17,485	2,729	7,406
Transportation	33,396	5,312	2,612	10,744
Oil and gas	7,415	(155)	3,848	13,460
	$1,708,963	$22,642	$ 9,189	$31,610
Period Ended June 30, 2011				
Marketing				
- Crude Oil	$1,397,971	$10,940	$ 1,538	$8,628
- Natural gas	2,693	1,080	2	56
Marketing Total	1,400,664	12,020	1,540	8,684
Transportation	34,149	4,925	1,874	9,128
Oil and gas	6,571	1,875	3,694	12,395
	$1,441,384	$18,820	$ 7,108	$30,207

- Three Month Comparison

	Revenues	Segment Operating Earnings	Depreciation Depletion and Amortization	Property and Equipment Additions
Period Ended June 30, 2012				
Marketing				
- Crude Oil	$809,358	$8,837	$ 1,438	$3,207
- Natural gas	1,364	490	-	-
Marketing Total	810,722	9,327	1,438	3,207
Transportation	17,128	2,258	1,361	6,056
Oil and gas	3,624	(557)	2,227	7,125
	$831,474	$11,028	$ 5,026	$16,388
Period Ended June 30, 2011				
Marketing				
- Crude Oil	$754,288	$4,613	$ 810	$5,168
- Natural gas	1,360	561	1	28
Marketing Total	755,648	5,174	811	5,196
Transportation	18,076	2,933	1,029	5,001
Oil and gas	3,814	(171)	1,952	5,040
	$777,538	$7,936	$ 3,792	$15,237

Segment operating earnings reflect revenues net of operating costs and depreciation, depletion and amortization and are reconciled to earnings from continuing operations before income taxes, as follows (in thousands):

12

	Six months ended June 30,		Three months ended June 30,	
	2012	2011	2012	2011
Segment operating earnings (loss)	$22,642	$18,820	$11,028	$7,936
- General and administrative	(4,697)	(4,597)	(2,465)	(2,488)
Operating earnings	17,945	14,223	8,563	5,448
- Interest income	42	91	21	43
- Interest expense	(3)	(7)	(2)	(7)
Earnings from continuing operations before income taxes and discontinued operations	$17,984	$14,307	$8,582	$5,484

Identifiable assets by industry segment are as follows (in thousands):

	June 30, 2012	December 31, 2011
Marketing		
- Crude oil	$221,137	$253,817
- Natural gas	9,314	12,246
Marketing Total	230,451	266,063
Transportation	37,189	27,221
Oil and gas	37,148	29,105
Other	39,247	56,451
	$344,035	$378,840

Intersegment sales are insignificant. Other identifiable assets are primarily corporate cash and assets not identified with any specific segment of the Company's business. All sales by the Company occurred in the United States.

Note 4 - Transactions with Affiliates

Mr. K. S. Adams, Jr., Chairman and Chief Executive Officer, and certain of his family partnerships and affiliates have participated as working interest owners with the Company's subsidiary, Adams Resources Exploration Corporation. Mr. Adams and such affiliates participate on terms similar to those afforded other non-affiliated working interest owners. In recent years, such related party transactions generally result after the Company has first identified oil and gas prospects of interest. Typically the available dollar commitment to participate in such transactions is greater than the amount management is comfortable putting at risk. In such event, the Company first determines the percentage of the transaction it wants to obtain, which allows a related party to participate in the investment to the extent there is excess available. In those instances where there was no excess availability there has been no related party participation. Similarly, related parties are not required to participate, nor is the Company obligated to offer any such participation to a related or other party. When such related party transactions occur, they are individually reviewed and approved by the Audit Committee comprised of the independent directors on the Company's Board of Directors. For the first six months of 2012 and 2011, the Company's investment commitments totaled approximately $13.5 million and $12.4 million, respectively, in those oil and gas projects where a related party was also participating in such investments. As of June 30, 2012 and December 31, 2011, the Company owed a combined net total of $43,000 and $58,000, respectively, to these related parties. In connection with the operation of certain oil and gas properties, the Company also charges such related parties for administrative overhead primarily as prescribed by the Council of Petroleum Accountants Society Bulletin 5. Such overhead recoveries totaled $75,000 and $84,000 for the

six-month period June 30, 2012 and 2011, respectively.

The Company also enters into certain transactions in the normal course of business with other affiliated entities including direct cost reimbursement for shared phone and secretarial services. For the six-month periods ended June 30, 2012 and 2011, the affiliated entities charged the Company $44,000 and $25,000, respectively, of expense reimbursement and the Company charged the affiliates $49,000 and $59,000, respectively, for such expense reimbursements. In January 2012, the Company relocated its primary office lease space to a building operated by an affiliated entity. Estimated annual rental expense, including pro rata building operating expense are $480,000 per year under a seven year lease term. The lease rental rate was determined by an independent appraisal. Rental expense paid to such related party for the six months ended June 30, 2012 totals $202,000.

Note 5 - Commitments and Contingencies

Under certain of the Company's automobile and workers' compensation insurance policies, the Company can either receive a return of premium paid or be assessed for additional premiums up to pre-established limits. Additionally under the policies, in certain instances the risk of insured losses is shared with a group of similarly situated entities. The Company has appropriately recognized estimated expenses and related liabilities for losses incurred but not reported to the Company or its insurance carrier of $1,225,000 as of June 30, 2012 and $1,285,000 as of December 31, 2011.

Effective January 1, 2012, the Company began a self-insurance program for managing employee medical claims. On a monthly basis, the Company establishes a liability for expected claims incurred. As claims are paid, the liability is relieved. As of June 30, 2012 accrued medical claims totaled $300,000 and the Company has purchased third party insurance stop-loss coverage for annual individual medical claims exceeding $100,000. In addition, the Company maintains $1 million of umbrella insurance coverage for aggregate medical claims exceeding approximately $4.5 million in a given calendar year.

From time to time as incidental to its operations, the Company may become involved in various lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company is a party to motor vehicle accidents, worker compensation claims and other items of general liability typical for the industry. Management of the Company is presently unaware of any claims against the Company that are either outside the scope of insurance coverage or that may exceed the level of insurance coverage and could potentially represent a material adverse effect on the Company's financial position or results of operations.

Note 6 – Discontinued Operation

On February 27, 2012, the Company completed the sale of contracts, inventory and certain equipment associated with the refined products segment of its marketing business. Revenues from this segment included in net earnings (loss) from discontinued operations totaled $25,633,000 and $80,015,000 for the six-month periods ended June 30, 2012 and 2011, respectively. This business experienced marginal results in recent years including an operating loss of $788,000 for the year 2011. The Company received $2 million in cash proceeds plus a cash payment of $1,546,000 for the agreed value of refined product inventories on the date of sale. The net gain recognized upon this sale totaled $1,622,000. The Company is conducting an orderly wind-down of the operation which primarily consists of collecting outstanding accounts receivable and satisfying all existing obligations. The Company's fee interest in certain parcels of real estate was retained and the estimated fair value of such properties exceeded the Company's cost basis in the properties. Therefore, an impairment assessment of long-lived assets was not necessary. The proceeds secured from this transaction exceeded the sum of carrying costs of the assets sold plus severance and other wind-down costs and as a result, first half 2012 pre-tax earnings from this former segment totaled $637,000 with net wind-down expenses totaling $171,000 incurred during the second quarter of 2012. First half 2011 pre-tax earnings from this segment totaled $59,000. Accounts receivable retained and payable obligations were substantially collected or satisfied as of the date of this report.

14

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

Results of Operations

- Marketing

Marketing segment revenues, operating earnings and depreciation were as follows (in thousands):

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Crude oil	$1,665,204	$1,397,971	$809,358	$754,288
Natural gas	2,948	2,693	1,364	1,360
Total	$1,668,152	$1,400,664	$810,722	$755,648
Operating Earnings				
Crude oil	$16,602	$10,940	$8,837	$4,613
Natural gas	883	1,080	490	561
Total	$17,485	$12,020	$9,327	$5,174
Depreciation				
Crude oil	$2,728	$1,538	$1,438	$810
Natural gas	1	2	-	1
Total	$2,729	$1,540	$1,438	$811

Supplemental volume and price information is as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
Field Level Purchase Volumes – Per day (1)				
Crude oil – barrels	87,385	77,051	87,259	78,637
Natural gas – mmbtu’s	148,711	189,960	145,074	175,325
Average Purchase Price				
Crude oil – per barrel	$103.14	$97.37	$99.48	$102.50
Natural Gas – per mmbtu’s	$2.29	$4.17	$2.13	$4.25

(1) Reflects the volume purchased from third parties at the oil and gas wellhead or lease level.

Crude oil revenues were greater in 2012 because of increased field level purchase volumes and generally higher average crude oil prices as shown in the table above. As shown, crude oil prices were, however, reduced slightly during 2012 for the comparative second quarter periods. Volume increases resulted from new well production established by the Company's customer base in the Eagle Ford shale trend of South Texas, while prices fluctuated with general market trends.

Two significant factors affecting comparative crude oil segment operating earnings are inventory valuations and forward commodity contract (derivatives or mark-to-market) valuations. As a purchaser and shipper of crude oil, the Company holds inventory in storage tanks and third-party pipelines. Inventory sales turnover occurs approximately every three days, but the quantity held in stock at the end of a given period is reasonably consistent. As a result, during periods of increasing crude oil prices, the Company recognizes inventory liquidation gains while during periods of falling prices, the Company recognizes liquidation and valuation losses. Over time, these gains and losses tend to offset and have limited impact on cash flow. While crude oil prices trended up during most of 2012, the average acquisition cost of crude oil in December 2011 was in the $98 per barrel range level with a late period decline to the $85 per barrel range in June 2012. This produced an inventory liquidation loss of $4,760,000 for the first six months of 2012. The reverse event occurred during the first quarter of 2012 as crude oil prices increased from $98 per barrel to $110 per barrel for March 2012 producing a $2,538,000 inventory liquidation gain. As of June 30, 2012, the Company held 199,990 barrels of crude oil inventory at an average price of $85.01 per barrel.

Crude oil marketing operating earnings are also affected by the differing report date valuations of the Company's forward month commodity contracts (derivative instruments). Such non-cash valuations are calculated and recorded at each period end based on the underlying data existing as of such date. The Company generally enters into these derivative instruments as part of a pricing strategy based on crude oil purchases at the wellhead (field-lease level). The valuation of derivative instruments as of period-end requires the recognition of valuation gains and losses. The impact on crude oil operating earnings of inventory liquidations and derivative valuations is summarized as follows (in thousands):

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
As reported segment operating earnings				
Add (less) -	$16,602	$10,940	$8,837	$4,613
Inventory liquidation (gains) losses	4,760	(2,341)	7,298	830
Derivative valuation (gains) losses	1,769	(178)	(1,707)	325
Field level segment operating earnings	$23,131	$8,421	$14,427	$5,768

Comparative field level operating earnings increased in 2012 with the noted volume additions and improved unit margins. Unit margins first began to widen during the third quarter of 2011 when South Texas sourced production started selling at a discount to world crude oil prices due to its relative abundance in relation to the infrastructure available to deliver such oil to market. Favorable unit margins continued into 2012, although they are expected to diminish as additional industry infrastructure is developed in the South Texas region.

Natural gas sales are reported net of underlying natural gas acquisition costs and thus reflect gross margins. As shown above, such margins are relatively unchanged for the comparative periods. In addition, the current low level of natural gas prices has curtailed drilling activity and caused a generally stagnant period for the Company's natural gas operation.

16

- Transportation

Transportation segment revenues, earnings and depreciation are as follows (in thousands):

	Six Months Ended June 30,		Increase	Three Months Ended June 30,		Increase
	2012	2011	(Decrease)	2012	2011	(Decrease)
Revenues	$33,396	$34,149	(2)%	$17,128	$18,076	(5)%
Operating earnings	$5,312	$4,925	8 %	$2,258	$2,933	(23)%
Depreciation	$2,612	$1,874	39 %	$1,361	$1,029	32 %

Customer demand and revenues for the transportation segment were consistent and strong during all periods presented. A generally industry wide shortage of qualified drivers has also affected the Company and has suppressed current year revenues. For 2012 the Company realized $1,329,000 in gains from the sale of 91 used truck-tractors while the first six months of 2011 reflected gains totaling $1,024,000 from used truck sales with $458,000 of such amount occurring during the second quarter of 2011. The transport segment currently benefits from the present low price environment for natural gas as this commodity is a basic feedstock for the Company's petrochemical industry customer base. The petrochemical industry has been expanding capacity and the long-term prospect for demand for chemical hauling services remains positive. Presently, the Company is operating at near full capacity with the availability of qualified drivers a significant constraint.

Transportation segment depreciation increased in 2012 with higher capitalized equipment costs following the replacement of substantial portions of the fleet during 2010, 2011 and 2012.

- Oil and Gas

Oil and gas segment revenues and operating earnings are primarily a function of crude oil and natural gas prices and volumes. Comparative amounts for revenues, operating earnings and depreciation and depletion are as follows (in thousands):

	Six Months Ended June 30,		Increase	Three Months Ended June 30,		Increase
	2012	2011	(Decrease)	2012	2011	(Decrease)
Revenues	$7,415	$6,571	13 %	$3,624	$3,814	(5)%
Operating earnings (loss), excluding gains from property sale	$(155)	$(958)	(83)%	$(557)	$(171)	226 %
Depreciation and depletion	$3,848	$3,694	4 %	$2,227	$1,952	14 %

Oil and gas segment revenues improved during 2012 with increased production volumes while operating earnings declined due to reduced natural gas prices as shown below. Depreciation and depletion expense increased in 2012 consistent with increased production volumes partially offset by the effect on the provision from reduced capitalized

costs following the recording of a year-end 2011 impairment of oil and gas property costs.

Production volumes and price information is as follows (in thousands):

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
Crude Oil				
Volume – barrels	41,467	23,492	19,587	12,700
Average price per barrel	$92.80	$101.72	$86.80	$104.82
Natural gas				
Volume – mcf	1,296,506	856,670	755,533	426,712
Average price per mcf	$2.75	$4.88	$2.55	$5.82

Comparative exploration costs are summarized in the table below. Exploration cost components were as follows (in thousands):

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
Dry hole expense	$41	$511	$30	$149
Prospect and property impairments	629	562	364	335
Seismic and geological	82	193	80	162
Total	$752	$1,266	$474	$646

During the first six months of 2012, the Company participated in the drilling of 53 successful wells with no dry holes. Additionally, the Company has an interest in 41 wells that were in process on June 30, 2012. Evaluation on the in-process wells is anticipated during the third quarter of 2012. Participation in the drilling of approximately 65 wells is planned for the remainder of 2012 on the Company's prospect acreage in Texas, Kansas, Arkansas and Louisiana.

- Discontinued Operation

During the first quarter of 2012, the Company sold contracts, inventory and certain equipment associated with its refined products market segment and discontinued that operation. The pre-tax gain from this sale, net of operating expenses and wind-down cost totaled $637,000. See also Note 6 to Unaudited Condensed Consolidated Financial Statements.

- Oil and gas Property Sales

In January 2011, the Company completed the sale of its interest in certain producing oil and gas properties located in the on-shore Gulf Coast region of Texas. Proceeds from the sale totaled $6.2 million and the pre-tax gain from this transaction totaled $2,708,000. Total proved reserves sold were approximately 26,000 barrels of crude oil and 2,148,000 mcf of natural gas. Sales negotiations were conducted by the third party operator of the properties on behalf of all working interest owners and the transaction was completed with a separate third party investment entity. The Company's proportionate interest in the transaction was approximately 5 percent and the Company elected to participate in the sale due to attractive pricing. Also during the first quarter 2011, the Company sold a portion of its interest in certain non-producing oil and gas properties located in West Texas. Total proceeds from the sale were $329,000 and the Company recorded a $125,000 gain from this transaction. Proceeds from the sales were used for general working capital purposes and the Company is continuing with oil and gas exploration operations in the vicinity of the properties sold.

18

- Outlook

The marketing and transportation segments are performing at expected levels with narrowing unit margins anticipated in the South Texas region as the year progresses due to a number of third party pipeline infrastructure projects currently under way that will increase competition in the area. Oil and gas segment operating earnings are hampered by low natural gas prices; however, such low prices are having a positive impact on transportation operations. Absent improved natural gas prices, a significant change in the current level of operating earnings from the oil and gas segment is not expected.

Liquidity and Capital Resources

The Company's liquidity primarily derives from net cash provided by operating activities and such amount was $21,548,000 and $30,571,000 for the six-month periods ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and December 31, 2011, the Company had no bank debt or other forms of debenture obligations. Cash and cash equivalents totaled $32,213,000 as of June 30, 2012, and such balances are maintained in order to meet the timing of day-to-day cash needs. Working capital, the excess of current assets over current liabilities, totaled $41,392,000 as of June 30, 2012.

Capital expenditures during the first six months of 2012 included $18,150,000 for marketing and transportation equipment additions and $13,460,000 in property additions associated with oil and gas exploration and production activities. Over the course of the next six months, the Company anticipates expending approximately $5.5 million on oil and gas exploration projects and approximately $4 million is planned for truck and trailer replacements and additions within the Company's transportation and marketing fleets.

From time to time, the Company may make cash prepayments to certain suppliers of crude oil and natural gas for the Company's marketing operations. Such prepayments totaled $5,000,000 as of June 30, 2012 and such amounts will be recouped and advanced from month to month as the suppliers deliver product to the Company. The Company also requires certain counterparties to post cash collateral with the Company in order to support their purchases from the Company. Such cash collateral held by the Company totaled $56,000 as of June 30, 2012. Management believes current cash balances, together with expected cash generated from future operations and the ease of financing truck and trailer additions through leasing arrangements (should the need arise) will be sufficient to meet short-term and long-term liquidity needs.

The Company utilizes cash from operations to make discretionary investments in its oil and natural gas exploration, marketing and transportation businesses, which comprise substantially all of the Company's investing cash outflows for each of the periods in this filing. The Company does not look to proceeds from property sales to fund its cash flow needs. Except for an approximate $10.6 million commitment for transportation equipment operating leases and storage tank terminal arrangements and office lease space, the Company's future commitments and planned investments can be readily curtailed if operating cash flows contract.

Historically, the Company pays an annual dividend in the fourth quarter of each year. In December 2011, the Company paid a $.57 per common share or $2,404,000 dividend to its shareholders. The most significant item affecting future increases or decreases in liquidity is earnings from operations and such earnings are dependent on the success of future operations (see Item 1A Risk Factors in the Annual Report on Form 10-K for the year ended December 31, 2011).

Critical Accounting Policies and Use of Estimates

There have been no material changes to the Company's "Critical Accounting Policies and Use of Estimates" disclosures that have occurred since the disclosures provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the Company's "Quantitative and Qualitative Disclosures about Market Risk" that have occurred since the disclosures provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Forward-Looking Statements – Safe Harbor Provisions

This quarterly report for the period ended June 30, 2012 contains certain forward-looking statements covered by the safe harbors provided under federal securities law and regulations. To the extent such statements are not recitations of historical fact, forward-looking statements involve risks and uncertainties. In particular, statements included herein and/or in the Company's latest annual report on Form 10-K under the captions (a) Production and Reserve Information, (b) Regulatory Status and Potential Environmental Liability, (c) Management's Discussion and Analysis of Financial Condition and Results of Operations, (d) Critical Accounting Policies and Use of Estimates, (e) Quantitative and Qualitative Disclosures about Market Risk, (f) Income Taxes, (g) Concentration of Credit Risk, (h) Fair Value Contract Activities, and (i) Commitments and Contingencies, among others, contain forward-looking statements. Where the Company expresses an expectation or belief regarding future results of events, such expression is made in good faith and believed to have a reasonable basis in fact. However, there can be no assurance that such expectation or belief will actually result or be achieved.

With the uncertainties of forward looking statements in mind, the reader should consider the risks discussed elsewhere in this report and other documents filed with the Securities and Exchange Commission from time to time and the important factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, under "Item 1A Risk Factor" that could cause actual results to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company.

Item 4. Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")), which are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. As of the end of the period covered by this quarterly report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there is a reasonable assurance that the disclosure controls and procedures as of the end of the period covered by this report are effective to ensure that information required to be disclosed in the Company's Exchange Act filings is recorded, processed, summarized and reported within the periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the fiscal quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

20

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time as incident to its operations, the Company becomes involved in various lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company may be a party to motor vehicle accidents, workers' compensation claims or other items of general liability as would be typical for the industry. Management of the Company is presently unaware of any claims against the Company that are either outside the scope of insurance coverage or that may exceed the level of insurance coverage and could potentially represent a material adverse effect on the Company's financial position or results of operations.

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds - None
Item 3.	Defaults Upon Senior Securities - None
Item 4.	Mine Safety Disclosures - Not Applicable
Item 5.	Other Information - None
Item 6.	Exhibits

The Exhibit Index is incorporated herein into this quarterly report on Form 10-Q.

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.

ADAMS RESOURCES & ENERGY, INC.
(Registrant)

Date: August 14, 2012

By /s/K. S. Adams, Jr.
K. S. Adams, Jr.
Chief Executive Officer

By /s/Frank T. Webster
Frank T. Webster
President & Chief Operating Officer

By /s/Richard B. Abshire
Richard B. Abshire
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
*31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
* **101.INS	XBRL Instance Document
* **101.SCH	XBRL Schema Document
* **101.CAL	XBRL Calculation Linkbase Document
* **101.LAB	XBRL Label Linkbase Document
* **101.PRE	XBRL Presentation Linkbase Document

* Exhibits filed herewith

** Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income – Three Months Ended June 30, 2012 and 2011 and Six Months Ended June 30, 2012 and 2011, (ii) the Consolidated Balance Sheets – June 30, 2012 and December 31, 2011, (iii) the Consolidated Statements of Cash Flows – Six Months Ended June 30, 2012 and 2011 and (iv) Notes to Consolidated Financial Statements.