PIONEER OIL AND GAS
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Pioneer Oil and Gas (the "Company") will be held on Thursday July 31, 2012, starting at 10:00 A.M., Mountain Daylight Time, at the Company's office, 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095. The following matters are on the agenda for the Meeting:

1. To Elect the Board of Directors;

2. To ratify the appointment of Jones Simkins LLP ("Jones"), as independent auditors for the current fiscal year;

3. To transact any other business matters that may properly come before the meeting or any adjournment or postponement thereof.

The Directors have fixed the close of business on June 15, 2012, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment or postponement thereof. A complete list of such shareholders will be available at the corporate office of the Company during normal business hours and shall be open to the examination of any such shareholder for any purpose relevant to the Meeting.

A record of the Company's activities during the year ending September 30, 2011 and financial statements for that year, are in the Company's annual report to shareholders, which this year is contained within the proxy statement that accompanies this notice.

You are cordially invited to attend the Meeting. Any shareholder that does not expect to attend the Meeting in person is requested to complete, date, and sign the enclosed form of Proxy and return it promptly to Pioneer Oil and Gas. Thank you for your cooperation.

BY ORDER OF THE BOARD OF DIRECTORS

DON J. COLTON, Chairman of the Board of Directors, and President

YOUR VOTE IS IMPORTANT TO PIONEER OIL AND GAS. EVEN IF YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE URGE YOU TO COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED. COMPLETING THE ENCLOSED PROXY WILL NOT PREVENT YOU FROM VOTING YOUR SHARES IN PERSON IF YOU DO ATTEND THE MEETING.

PIONEER OIL AND GAS
1206 W. South Jordan Parkway
Unit B
South Jordan, Utah 84095-5512

PROXY STATEMENT

Annual Meeting of Stockholders
To Be Held on July 31, 2012

GENERAL INFORMATION

This Proxy Statement is being furnished to the stockholders of Pioneer Oil and Gas (the "Company"), in connection with the solicitation of proxies on behalf of the Board of Directors of Pioneer Oil and Gas (the "Directors") for use at the Company's 2012 Annual Meeting of Stockholders and any and all adjournments or continuations thereof (the "Meeting"), to be held on Tuesday, July 31, 2012 for the purposes set forth under the next paragraph. These materials will be first mailed to stockholders on or about June 15, 2012.

PURPOSE OF ANNUAL MEETING

At the Meeting, stockholders will be asked (i) to elect a Board of Directors to serve until the next annual meeting of the stockholders, or until their successors are duly elected and qualified; (ii) to ratify the selection by the Directors of Jones Simkins LLP as independent auditors of the Company for the fiscal year ending September 30, 2012 ("Fiscal 2012"); and (iii) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

We urge you to read this Proxy Statement carefully in its entirety including the attached Exhibits. This Proxy Statement is first being mailed to the Company's shareholders on or about June 15, 2012.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROXY STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

OTHER MATTERS

Management does not intend to present, and has no information as of the date of preparation of this Proxy Statement that others will present, any business at the Meeting other than business pertaining to matters required to be set forth in the Notice of Annual Meeting and Proxy Statement. However, if other matters requiring the vote of the stockholders properly come before the Meeting, it is the intention of the persons named in the enclosed proxy to vote the proxies held by them in accordance with their best judgment on such matters.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Proxy Statement the words or phrases "will likely result," "are expected to," "will continue," "anticipate," "estimate," "project" or similar expressions are intended to identify "forward-looking statements". Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from results presently anticipated or projected. The Company cautions you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company advises readers that the Company's actual results may differ materially from any opinions or statements expressed with respect to future periods in any current statements in this Proxy Statement or in our other filings with the SEC.

The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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QUORUM, VOTING RIGHTS AND OTHER MATTERS

The Company presently has one class of capital stock, common stock, $.001 par value, of which 7,538,405 shares were issued and outstanding at the close of business on June 15, 2012. Only shareholders of record at the close of business on June 15, 2012, will be entitled to notice of and to vote at the meeting. The presence at the meeting in person or by proxy of a majority of the shares entitled to a vote shall constitute a quorum for the transaction of business. All voting is non-cumulative.

The Directors know of no other matters, which are likely to be brought before the Meeting other than those listed on the proxy. If any other matters properly come before the Meeting, however, the person named in the enclosed proxy, or that person's duly constituted substitute acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with such matters. If the enclosed proxy is properly executed and returned prior to voting at the Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. In the absence of instructions, executed proxies will be voted "FOR" the items listed in the Notice. The Directors recommend a vote **"FOR"** each of the proposals. Directors are elected by a plurality of the common stock represented at the meeting.

In accordance with Utah State law, certain corporate actions, generally, may create shareholder's rights of dissent and entitlement to payment of the fair market value of shares held. However, none of the proposals at the Annual Meeting creates such shareholder dissenters' rights.

Any stockholder executing a proxy has the power to revoke such proxy at any time prior to its exercise. A proxy may be revoked prior to exercise by (i) filing with the Company a written revocation of the proxy, (ii) appearing at the Meeting and casting a vote contrary to that indicated on the proxy, or (iii) submitting a duly executed proxy bearing a latter date.

The cost of preparing, printing, assembling and mailing this Proxy Statement and other material furnished to stockholders in connection with the solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by use of mails, officers, directors, employees and agents of the Company may solicit proxies by written communication, telephone or personal call. Such persons are to receive no special compensation for any solicitation activities. The Company will reimburse banks, brokers and other persons holding common stock in their names, or those of their nominees, for their expenses in forwarding proxy solicitation materials to beneficial owners of common stock.

The Company will appoint one or more inspectors of election to act at the Meeting and report the results. Prior to the Meeting, each inspector will sign an oath to perform his duties in an impartial manner and according to the best of his ability. Inspectors will ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the Meeting and the validity of proxies and ballots, count all votes and ballots, and perform certain other duties as required by law. Inspectors will tabulate the number of votes cast for or withheld in the election of directors, and the number of votes cast for or against all other proposals, including abstentions and other non-votes.

The required quorum necessary to transact business at the Meeting is a majority of the issued common stock outstanding on the record date. If a quorum is present, a plurality of the votes cast for directors will determine the directors elected and the approval of each other proposal at the Meeting. Abstentions and broker non-votes will be counted to determine if a quorum is present but will not otherwise affect the voting on any proposal.

PROPOSAL ONE: ELECTION OF DIRECTORS

A Board of three directors is to be elected at the Meeting. The nominees are the present directors, all of whom are standing for re-election. No director nominee has declined the nomination or is unable or unfit to serve. Under the Bylaws of the Company, the Company must have a minimum of three and a maximum of seven directors. Each director serves until the next annual shareholders meeting or until a successor is duly elected. Don J. Colton and Gregg B. Colton are brothers and John O. Anderson is their uncle. The following table sets forth information about the nominees and lists their ages as of the date of the meeting.

Name	Age	Position(s) Held	Director Since
Don J. Colton	66	Director, CEO, President and Treasurer	October 1980
Gregg B. Colton	59	Director, Vice President and Secretary	October 1980
John O. Anderson	69	Director	January 1988

Don J. Colton serves as the Company's President, Treasurer and Chairman of its Board of Directors. Since the Company's inception in October 1980, Mr. Colton has served as the Company's President and has been involved in all aspects of the business including exploration, acquisition and development of producing properties. From 1979 to 1981, Mr. Colton was Chief Financial Officer and a member of the Board of Directors of Drilling Research Laboratory in Salt Lake City, Utah. The Drilling Research Laboratory was a subsidiary of Terra Tek, Inc. and prior to his involvement with the Drilling Research Laboratory, Mr. Colton was Manager of Special Projects for Terra Tek. Mr. Colton received a BS in Physics from Brigham Young University in 1970 and a Master of Business Administration from the University of Utah in 1974.

Gregg B. Colton serves as the Company's Vice President, Secretary, General Counsel and a member of the Board of Directors. Mr. Colton has been employed with the Company since it actually commenced business in 1981. Mr. Colton is involved in handling the contracts, sales of oil and gas products and legal problems of the Company along with the day-to-day decision making for the Company with the Company's President. From 1981 to 1984, Mr. Colton was also a partner in the law firm of Cannon, Hansen & Wilkinson. Mr. Colton is a member of the Utah State Bar and a real estate broker. He is also a member of the Corporate Counsel and Business Law sections for the Utah State Bar. Mr. Colton earned his BA from the University of Utah in 1976 and a Juris Doctor and a Master of Business Administration from Brigham Young University in 1981.

John O. Anderson was employed as the Company's Office Manager from 1981 to 2008 until his retirement in April of 2008. Mr. Anderson is still a member of the Board of Directors. As Office Manager he handled the day to day accounting for the Company along with handling the procurement of office supplies. Prior to his employment with the Company he worked in land investments. Mr. Anderson received his BS in Zoology in 1968 from the University of California.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

The Company's directors hold office until the end of their respective terms or until their successors have been duly elected and qualified. Presently, the Board of Directors does not receive any cash compensation for serving on the Board. Each of the Board of Directors have received 60,000 stock options under the Company's incentive stock option plan to acquire the Company's common stock at a price of $.55 per share until August 9, 2021. Don J. Colton and Gregg B. Colton have also been issued 30,000 stock options each for being officers of the Company at an exercise price of $.55 per share until August 9, 2021. Another 30,000 stock options have been issued to Frank Adams, the Company's controller on the same terms and conditions as the other options listed above. The options were granted when the share price of the Company's common stock was $.55 or below.

At the annual shareholders meeting in 1991, the shareholders approved an amendment to the Company's Articles of Incorporation, limiting the personal liability of directors to the Company and its shareholders, to the extent allowed by Utah law. In effect, the shareholders approved the adoption of statutory provisions, which permit a Utah corporation to eliminate the personal liability of directors for monetary damages for breach of fiduciary duty.

The Company's executive officers are appointed by the Board of Directors and serve at the discretion of the Board.

EXECUTIVE OFFICERS AND MANAGEMENT

The following table sets forth (i) the names of the executive officers, (ii) their ages as of the Record Date and (iii) the capacities in which they serve the Company:

Name	Age	Position(s)	Officer Since
Don J. Colton	66	President/Treasurer	1980
Gregg B. Colton	59	Vice President/Secretary	1980

Note: Don J. Colton and Gregg B. Colton are brothers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock by each person or group that is known by the Company to be the beneficial owner of more than five percent of its outstanding Common Stock, each director of the Company, each person named in the Summary Compensation Table, and all directors and executive officers of the Company as a group as of April 1, 2012. Unless otherwise indicated, the Company believes that the persons named in the table below, based on information furnished by such owners, have sole voting and investment power with respect to the Common Stock beneficially owned by them, where applicable.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common	Don J. Colton 2172 E Gambel Oak Drive Sandy, Utah 84092	1,510,050(1)	19.34%
Common	Gregg B. Colton 65 South Pfeifferhorn Drive Alpine, Utah 84004	1,590,882(1)	20.37%
Common	John O. Anderson PO Box 537 Mountain View, HI 96771	985,711(1)	12.62%
Common	Pioneer Employee Stock Ownership Plan 1206 W. South Jordan Parkway Unit B South Jordan, Utah 84095	423,642(2)	5.43%
All Directors and Officers as a Group (3 Persons)		4,086,643	52.34%

(1) Includes currently exercisable options by employees and directors to purchase common stock in the Company as long as the person is serving as a director or employee of the Company.

(2) Persons listed above have their vested shares under the Pioneer Employee Stock Ownership Plan included under their name. Don J. Colton and Gregg B. Colton as Trustees of the Pioneer Employee Stock Ownership Plan have the right to vote all the shares of the Plan at any shareholder meeting of the Company. The shares listed above under the Pioneer Employee Stock Ownership Plan include shares of employees that are not directors with shares that have not vested yet.

The Company currently has no arrangements, which may result in a change of control.

TRANSACTIONS WITH RELATED PARTIES

The Board of Directors approved several years ago a resolution to allow employees of the Company to purchase 25% of any oil and gas producing property acquired by the Company at the same time as the Company acquires the property. The resolution required that the employees pay for 25% of the cost of the oil and gas properties at approximately the same time the Company purchased the properties. In the event, the Company is unable to fund the total cost of any producing properties the employees of the Company may purchase the amount the Company is unable to fund even if it exceeds 25%. The employees also have the right to acquire 25% of any non-producing oil and gas leases acquired by the Company on similar terms as those for producing properties.

The Company also leases office space that is owned by the Board of Directors. The office space is leased to the Company on terms reasonable for the same kind of office space in the area that it is located. The office space is 1,950 square feet with an unfinished basement of approximately 975 square feet.

PROPOSAL TWO: RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Jones Simkins LLP served as the independent accountants for the Company for the year ended September 30, 2011. There have been no disagreements during the three fiscal years ended September 30, 2011, 2010 and 2009, or at any other time with Company's present or former independent public accountants. Management of the Company intends to continue with its selection of Jones Simkins LLP for the fiscal year ending September 30, 2012. A representative of Jones Simkins LLP is not expected to be present at the Meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF JONES SIMKINS LLP AS THE COMPANY'S ACCOUNTANTS.

PROPOSAL THREE: OTHER BUSINESS

The Company has not received any shareholder proposals for this Annual Meeting. The Board of Directors knows of no other business, other than stated in this Proxy Statement, to be presented for the action at the Annual Meeting. If other business is properly presented at the Meeting, however, which was not known, or did not become known to the Board a reasonable time before the solicitation, then the person designated in the enclosed Proxy will vote, or refrain from voting, in accordance with his best judgment.

STOCKHOLDER PROPOSALS

Stockholders may submit proposals on matters appropriate for stockholder action at the Company's annual meetings. For such proposals to be considered for inclusion in the Proxy Statement and form of proxy relating to the 2013 annual meeting, the Company must receive them not later than September 30, 2012 or such later date as the Company may specify. Such proposals should be addressed to the Company's office at 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095-5512

INFORMATION ABOUT THE COMPANY

DESCRIPTION OF BUSINESS

The Company has focused its efforts over the years in acquiring oil and gas properties from other companies, selling producing wells and acquiring new oil and gas leases for the purpose of exploring for oil and gas. Leases have also been acquired over the years for the purpose of reselling them at a profit to other oil and gas companies.

The Company presently operates only one producing gas well in Utah. The majority of its non-operated working interest income in producing properties is in the Middle Mesa Unit in San Juan County, Utah in which the Company owns an interest in 4 producing oil and gas wells.

The Company also owns an interest in several other non-operated oil and gas wells and overriding royalty interests located primarily in Colorado and Wyoming. Primary among these overriding royalty interests is the Hunter Mesa Unit and Grass Mesa Unit in Garfield County, Colorado. The Company's overriding royalty interest although less than a half of a percent in both the Hunter Mesa Unit and the Grass Mesa Unit accounts for the majority of the Company's royalty income since the Units contain several hundred wells. An overriding royalty interest is an interest in a well that receives a percentage of the production from a well without paying any operation expenses.

The Company over the last few years has focused most of its exploration efforts in the Rocky Mountain area, and in acquiring leasehold positions in trend areas of existing production. Prior to leasing an area a geological review of the prospective area is made by the Company's staff to determine the potential for oil and gas. If an area is determined to have promise the Company will attempt to acquire oil and gas leases over the prospective area. The Company will then acquire geophysical data (generally seismic and gravity data) to further evaluate the area. After the evaluation of the geophysical data, if the area appears to contain significant accumulations of oil and gas in the Company's opinion for the area, the Company will market a drilling program to outside investors covering the Company's leases or sell the leases with the Company retaining an overriding royalty interest. Significant accumulations cannot be quantified because it depends on many factors such as how much it costs to drill and complete wells in a certain area, how close the wells are to pipelines, what the price of oil or gas is, how accessible the area is, whether the project is a developmental or wildcat project, what the cost of oil and gas leases are in an area, the type of return investors are seeking at that time in the different exploration areas, and many other geological, geophysical and other considerations.

When the Company markets a drilling program it sells a portion of its oil and gas leases over the prospect area along with usually obtaining a drilling commitment from the parties purchasing the leases to drill a well on the prospect area. A drilling program will generally allow the Company to recoup its investment in the area with the Company also retaining an ongoing interest in new wells to be drilled in the area.

The Company markets its drilling programs to other industry partners. Drilling programs have been marketed by placing ads in industry journals, attending trade shows and by traveling to the office of prospective partners. In the past, the Company has sold drilling programs to major oil companies and large independents and occasionally to individuals.

The Company was organized on October 16, 1980 under the laws of the State of Utah. The Company's principal place of business is located at 1206 West South Jordan Parkway, Unit B, South Jordan, Utah 84095-5512. The Company's telephone number is (801) 566-3000 and the Company's fax number is (801) 446-5500. The Company has primarily been engaged in the acquisition and exploration of oil and gas properties in Utah, Wyoming, Colorado and Nevada.

RECENT DEVELOPMENTS:

During the last year, the Company has been focusing on obtaining prospects for the exploration of oil and gas and continuing its operation of its interest in operated and non-operated wells. During the last fiscal year ended September 30th, 2011, and to the present, the Company has been evaluating its acreage in the Central Utah trend near the discovery of Wolverine Gas & Oil Corp. ("Wolverine") and to the South of the discovery. The Covenant field discovered by Wolverine is reputed to be a 50-100 million barrel oil field. Wolverine has also discovered another oil field in the same trend called the Providence Field that appears now to be non-commercial.

The Company also sold one of its operating properties last year, the Climax #7-2 well, located in Crook County, Wyoming. The Company also participated as a working interest owner in the drilling of two wells in the Middle Mesa Unit in San Juan County, Utah. Both wells have been placed in production and are mainly producing natural gas with some oil.

The Company owns approximately 75% of 140,000 acres within the State of Utah. Presently, the Company is actively marketing all the oil and gas leases it presently owns.   The Company has also been pursuing the sale of two of its drilling programs; one being an approximately 27,000 acre oil and gas lease in the Uintah basin and the other a Tensleep prospect outside of Casper, Wyoming.

DESCRIPTION OF SECURITIES.

Qualification. The following statements constitute brief summaries of the Company's Articles of Incorporation and Bylaws. Such summaries do not purport to be fully complete and are qualified in their entirety by reference to the full text of the Articles of Incorporation and Bylaws of the Company.

Common Stock. The Company's Articles of Incorporation authorize it to issue up to 50,000,000 (fifty million) Shares of its Common Stock, which carry a par value of $0.001 per Share.

Liquidation Rights. Upon liquidation or dissolution, each outstanding Common Share will be entitled to share equally in the assets of the Company legally available for the distribution to shareholders after the payment of all debts and other liabilities.

Dividend Rights. There are no limitations or restrictions upon the rights of the Board of Directors to declare dividends out of any funds legally available. The Company has declared and paid a dividend only once in the history of the Company. The Company declared a dividend of $.80 per share to be paid to all shareholders of record of October 24, 2008. The dividend was paid to shareholders during November of 2008. Presently, the Company does not plan on paying a dividend for the next year and does not anticipate the payment of any dividends for the foreseeable future. The Board of Directors initially will follow a policy of retaining earnings, if any, to finance the future growth of the Company or repurchase Company stock. Accordingly, future dividends, if any, will depend upon, among other considerations, the Company's need for working capital and its financial conditions at the time.

Voting Rights. Holders of Common Shares of the Company are entitled to cast one vote for each share held at all shareholders meetings for all purposes.

Other Rights. Common Shares are not redeemable, have no conversion rights and carry no preemptive or other rights to subscribe to or purchase additional Common Shares in the event of a subsequent offering.

Transfer Agent. The Company's transfer agent is Standard Registrar & Transfer whose address is 12528 South, 1840 East, Draper, Utah 84020. The phone number of Standard Registrar & Transfer is (801) 571-8844.

The Securities and Exchange Commission has adopted Rule 15g-9 which established the definition of a "penny stock", for the purposes relevant to the Company, as any equity security that has a market price of less than $5.00 per share, or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (i) that broker or dealer approve a person's account for transactions in penny stocks; and, (ii) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must (i) obtain financial information and investment experience objectives of the person; and (ii) make a reasonable determination that the transaction(s) in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the Commission relating to the penny stock market, which, in highlighted form, (i) sets forth the basis on which the broker or dealer made the suitability determination; and (ii) that the broker or dealer received a signed, written agreement from the investors prior to the transaction. Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and registered representative, current quotations for the securities and the rights and remedies available to an investor in case of fraud in penny stock transaction. Finally, monthly statements have to be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks.

SHARE INFORMATION

As of September 30, 2011, the Company had issued and outstanding 7,538,405 common shares held by approximately 86 holders of record.

There have been no cash dividends declared by the Company since its inception except for the dividend paid of $.80 per share in November of 2008, to shareholders of record on October 24, 2008. Further, there are no restrictions that would limit the Company's ability to pay dividends on its common equity or that would be likely to do so in the future.

The Company effected a 1-for-2000 reverse stock split in September 2005 and the repurchase of all resulting fractional shares, followed immediately by a 2000-for-1 forward stock split of the Company's common shares ("Stock Splits"). As a result of the Stock Splits, each shareholder owning fewer than 2000 common shares of the Company immediately before the Stock Splits received $1.50 in cash, without interest, for each of the Company's common shares owned by such shareholder immediately prior to the Stock Splits and is no longer a shareholder of the Company and each shareholder owning 2000 or more common shares immediately before the Stock Splits received 2000 Common Shares after the Stock Splits in exchange for each lot of 2000 Common Shares held before the Stock Splits. Any additional Common Shares held other than in a 2000 share lot were canceled and exchanged for $1.50 in cash per share. After the Stock Splits the Company delisted from registration with the Securities and Exchange Commission and the Company now trades on the Pink Sheets ® and is no longer a fully reporting company.

The Company recently announced the commencement of a tender offer for all the outstanding and issued shares of the Company other than those shares owned by the directors and officers of the Company. The price offered for the shares is One Dollar ($1.00) for each share tendered to the Company on or before 5:00 PM on August 15, 2012, unless extended. The Company intends to spend up to about $3,200,000 to acquire approximately 44% of the shares outstanding.

The offer is being made pursuant to a Tender Offer and Letter of Transmittal that was sent out to each shareholder of record the first part of June 2012. Shareholders who tender their shares will be paid soon after the Tender Offer is closed. Shareholders are encouraged to review the Tender Offer and its attachments prior to making a decision on whether to tender their shares.

COMMON SHARE REPURCHASE INFORMATION

The Company has in the past repurchased shares of the Company's stock and plans to continue to buy Common Shares in the Company as it deems feasible from time to time and management is authorized by the Board of Directors to purchase up to 2,000,000 shares of the Company's Common Shares on terms and conditions determined by management. Anyone desiring to sell Common Shares is encouraged to contact the Company directly to inquire whether the Company would purchase their shares. Any shares purchased directly by the Company with the shareholder will be without a commission. The Company makes no promise of repurchasing a shareholder's stock at a given time since any decision will be based upon the Company's financial condition and working capital requirements along with the market price of the stock taken into consideration. However, in the past the Company has been acquiring shares offered by shareholders at the current ask price.

AVAILABLE INFORMATION

The Company is no longer subject to the information requirements of the Exchange Act since it delisted by the end of calendar year 2005. Since the Company is no longer required to file with the SEC the reports provided to the shareholder's may not contain some of the information as before because the Company is no longer under an obligation to provide the information. The Company is having its financial statements posted on its website of **www.piol.com**.

The Company will provide without charge upon the written or oral request of any person to whom this Proxy Statement is delivered, by first class mail or other equally prompt means within one business day of receipt of such request, a copy of reports posted on its website, proxy statements and other information provided to shareholders. You may obtain a copy of these documents and any amendments thereto by written request addressed to Pioneer Oil and Gas, 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095.

LEGAL PROCEEDINGS.

The Company may become or is subject to investigations, claims, or lawsuits ensuing out of the conduct of its business, including those related to tax and title issues, environmental safety and health, commercial transactions etc. The Company is currently not aware of any such items, which it believes could have a material adverse affect on its financial position.

FINANCIAL AND OTHER INFORMATION

The audited financial statements regarding the Company for the fiscal year ended September 30, 2011, are presented in the Appendix following the Proxy Statement and the six month statement for the period ending March 31, 2012. A summary of selected financial data, and the information contained in the disclosures entitled " Management's Discussion and Analysis of Financial Condition and Results of Operations", are presented below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS –2011 Compared to 2010

Total revenue for fiscal year 2011 was $1,254,186 as compared to total revenue for fiscal year 2010 of $1,116,835. Total oil and gas sales (including royalty revenue) increased 12 percent from $1,116,835 to $1,254,186 from the previous year. This increase in oil and gas revenue was primarily due to higher oil prices.

Costs of operations decreased from $454,060 in 2010 to $123,702 in 2011. This item includes all well operating expenses and any amounts paid to employees and other interest owners for their interest in producing properties**.**

General and administrative costs increased from $658,269 in fiscal 2010 to $826,686 in fiscal 2011.

The Company's total stockholders' equity decreased in 2011 from $8,758,504 in 2010 to $8,094,118 primarily due to the net operating loss in 2011 and the acquisition of treasury shares by the Company. Net loss decreased from ($1,384,852) in 2010 to a net loss of ($388,901) in 2011. Net loss per share decreased from ($0.18) in fiscal 2010 to ($0.05) in 2011.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company has funded operations primarily from earnings and bank borrowing. As of September 30, 2011 the Company had working capital of $7,177,671. Because of its relatively high working capital in relation to its total assets the Company decided to discontinue its credit line and not pay the associated fees after 2008. In the future if the credit line is needed the Company believes it will be able to obtain a credit line for $750,000 as it has had in the past with Zions Bank.

During fiscal 2011 net cash used by operating activities was ($954,293) while cash provided by investing activities was $533,110. There was a net decrease in cash of ($847,715), as cash decreased from $4,369,880 to $3,522,165.

OIL AND GAS PROPERTIES

The Company, as of the date of this proxy statement, is the owner of several oil and gas properties located throughout the Rocky Mountain Region. The Company operates one producing gas well in Utah. The standardized measure of discounted future net cash flows (before income taxes) of all the Company's properties as of September 30, 2011 was $1,635,000.

INCOME TAXES

As of September 30, 2011, the Company had net operating loss carry forwards of approximately $541,000. Because of the carry forwards the Company is currently not making estimated quarterly tax payments.

THE COMPANY UNDERTAKES TO PROMPTLY FURNISH (WITHOUT CHARGE EXCEPT AS TO THE EXHIBITS IF REQUESTED THAT INCLUDE ARTICLES OF INCORPORATION, BYLAWS, AND LETTER FROM PETROLEUM ENGINEER) A COPY OF ITS FINANCIAL STATEMENTS, TO ANY SHAREHOLDER OF RECORD UPON WRITTEN REQUEST, WHICH SHALL ALSO INCLUDE A GOOD FAITH REPRESENTATION THAT, AS OF JUNE 15, 2012, THE PERSON MAKING THE REQUEST WAS THE BENEFICIAL OWNER OF COMMON STOCK OF THE COMPANY ENTITLED TO VOTE AT THE ANNUAL MEETING.

BY ORDER OF THE BOARD OF DIRECTORS:

By: Don J. Colton
Chairman of the Board of Directors,
And President

PIONEER OIL AND GAS

PIONEER OIL AND GAS

FINANCIAL STATEMENTS

September 30, 2011 and 2010

JONES P.C. SIMKINS

Certified Public Accountants

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September 30, 2011 and 2010

JONES SIMKINS P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and
Stockholders of Pioneer Oil and Gas

We have audited the accompanying balance sheets of Pioneer Oil and Gas as of September 30, 2011 and 2010, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Oil and Gas as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
December 16, 2011

PIONEER OIL AND GAS
BALANCE SHEETS
September 30, 2011 and 2010

Assets		2011	2010
Current assets:			
Cash	$	3,522,165	4,369,880
Investments, available for sale		1,236,485	1,244,921
Receivables		906,114	119,874
Resale leases, at lower of cost or market		2,000,154	2,691,175
Deferred income tax asset		-	56,000
Total current assets		7,664,918	8,481,850
Property and equipment, net		81,915	405,373
Income taxes receivable		-	711,000
Deferred income taxes		193,000	-
Other assets		660,217	2,230
	$	8,600,050	9,600,453
Liabilities and Stockholders' Equity			
Current liabilities:			
Payables and accrued expenses	$	476,247	702,210
Deferred income taxes		11,000	-
Total current liabilities		487,247	702,210
Deferred income taxes		-	93,000
Asset retirement obligation		18,685	52,299
Total liabilities		505,932	847,509
Commitments and contingencies			
Stockholders' equity:			
Common stock, par value $.001 per share, 50,000,000 shares authorized; 7,703,895 and 7,673,265 shares issued and outstanding, respectively		7,704	7,673
Additional paid-in capital		1,705,784	1,585,543
Stock subscription receivable		-	(21,397)
Accumulated other comprehensive income		20,414	23,261
Retained earnings		6,774,523	7,163,424
		8,508,425	8,758,504
Less treasury stock, 414,327 and 6,000 shares at cost, respectively		(414,307)	(5,560)
Total stockholders' equity		8,094,118	8,752,944
	$	8,600,050	9,600,453

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

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS
Years Ended September 30, 2011 and 2010

		2011	2010
Revenue:			
Oil and gas sales	$	794,225	615,508
Royalty revenue		459,961	501,327
		1,254,186	1,116,835
Costs and expenses:			
Cost of operations		123,702	454,060
General and administrative expenses		826,686	658,269
Exploration costs		326,834	304,303
Lease rentals		163,611	465,386
Loss on impairment of resale leases		713,430	1,363,572
Depreciation, depletion and amortization		2,631	11,902
		2,156,894	3,257,492
Loss from operations		(902,708)	(2,140,657)
Other income (expense):			
Gain on disposal of oil and gas properties		209,713	-
Interest income		19,729	30,711
Other		11,365	18,094
		240,807	48,805
Loss before benefit for income taxes		(661,901)	(2,091,852)
Benefit for income taxes		(273,000)	(707,000)
Net loss	$	(388,901)	(1,384,852)
Net loss per common share:			
Basic	$	(0.05)	(0.18)
Diluted	$	(0.05)	(0.18)
Weighted average common shares:			
Basic		7,689,000	7,673,000
Diluted		7,689,000	7,673,000

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

PIONEER OIL AND GAS
STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended September 30, 2011 and 2010

	Common Stock		Additional Paid-in	Stock Subscription	Accumulated Other Comprehensive	Retained	Treasury Stock		
	Shares	Amount	Capital	Receivable	Income (Loss)	Earnings	Shares	Amount	Total
Balance at October 1, 2009	7,673,265	$ 7,673	$ 1,585,543	$ (82,857)	$ (3,038)	$ 8,548,276	(2,000)	$ (2,000)	$ 10,053,597
Comprehensive loss:									
Net loss	-	-	-	-	-	(1,384,852)	-	-	(1,384,852)
Unrealized holding gain, net of tax effects	-	-	-	-	26,299	-	-	-	26,299
Total comprehensive loss									(1,358,553)
Purchase of treasury stock	-	-	-	-	-	-	(24,500)	(26,835)	(26,835)
Sale of treasury stock to ESOP	-	-	-	(23,275)	-	-	20,500	23,275	-
Payments on stock subscription receivable	-	-	-	84,735	-	-	-	-	84,735
Balance at September 30, 2010	7,673,265	7,673	1,585,543	(21,397)	23,261	7,163,424	(6,000)	(5,560)	8,752,944
Comprehensive loss:									
Net loss	-	-	-	-	-	(388,901)	-	-	(388,901)
Unrealized holding loss, net of tax effects	-	-	-	-	(2,847)	-	-	-	(2,847)
Total comprehensive loss									(391,748)
Issuance of common stock to ESOP	30,630	31	25,392	(25,423)	-	-	-	-	-
Stock option compensation expense	-	-	94,849	-	-	-	-	-	94,849
Purchase of treasury stock	-	-	-	-	-	-	(414,327)	(414,307)	(414,307)
Sale of treasury stock to ESOP	-	-	-	(5,560)	-	-	6,000	5,560	-
Payments on stock subscription receivable	-	-	-	52,380	-	-	-	-	52,380
Balance at September 30, 2011	7,703,895	$ 7,704	$ 1,705,784	$ -	$ 20,414	$ 6,774,523	(414,327)	$ (414,307)	$ 8,094,118

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

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2011 and 2010

		2011	2010
Cash flows from operating activities:			
Net loss	$	(388,901)	(1,384,852)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on disposal of oil and gas properties		(209,713)	-
Reduction of ARO due to property sale		(33,163)	-
Depreciation, depletion and amortization		2,631	11,902
Accretion expense		1,568	1,522
Employee benefit plan expense		65,311	88,692
Deferred income taxes		(218,000)	4,000
Interest income		(1,312)	(3,957)
Stock based compensation		94,849	-
(Increase) decrease in:			
Receivables		(75,240)	(321,290)
Resale leases		691,021	1,426,028
Other assets		(657,987)	-
Increase (decrease) in:			
Payables and accrued expenses		(225,357)	64,425
Net cash used in operating activities		(954,293)	(113,530)
Cash flows from investing activities:			
Purchases of investments, available for sale		(195,411)	(1,009,660)
Proceeds from sale of investments, available for sale		200,000	200,000
Acquisition of property and equipment		-	(16,654)
Proceeds from sale of producing property		528,521	-
Net cash provided by (used in) investing activities		533,110	(826,314)
Cash flows from financing activities:			
Payable - common stock repurchase		(5,825)	(5,445)
Purchase of treasury stock		(414,307)	(26,835)
Payment of dividends		(6,400)	(1,600)
Net cash used in financing activities		(426,532)	(33,880)
Net decrease in cash		(847,715)	(973,724)
Cash, beginning of year		4,369,880	5,343,604
Cash, end of year	$	3,522,165	4,369,880

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

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The Company is incorporated under the laws of the state of Utah and is primarily engaged in the business of acquiring, developing, producing and selling oil and gas properties to companies located in the continental United States.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Company classifies its investments as "available for sale." Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in operations; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income (loss). Declines in fair value below cost that are other than temporary are included in operations.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Resale Leases

The Company capitalizes the costs of acquiring oil and gas leaseholds held for resale, including lease bonuses and any advance rentals required at the time of assignment of the lease to the Company. Advance rentals paid after assignment are charged to expense as carrying costs in the period incurred. Costs of oil and gas leases held for resale are valued at lower of cost or net realizable value and included in current assets since they could be sold within one year, although the holding period of individual leases may be in excess of one year. The cost of oil and gas leases sold is determined on a specific identification basis.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded when oil and gas is delivered and are presented net of the allowance for doubtful accounts and are generally unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a finance charge may be applied to such receivables that are more than thirty days past due. Accounts receivable are periodically evaluated for collectibility based on past credit history with customers. Provisions for losses on accounts receivable are determined based on loss experience, known and inherent risk in the account balance, current economic conditions, and the financial stability of customers.

Oil and Gas Producing Activities

The Company utilizes the successful efforts method of accounting for its oil and gas producing activities. Under this method, all costs associated with productive exploratory wells and productive or nonproductive development wells are capitalized while the costs of nonproductive exploratory wells are expensed.

If an exploratory well finds oil and gas reserves, but a determination that such reserves can be classified as proved is not made after one year following completion of drilling, the costs of drilling are charged to operations. Indirect exploratory expenditures, including geophysical costs and annual lease rentals are expensed as incurred. Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drillings and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values, are depreciated and depleted by the units-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property has been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed when incurred and betterments are capitalized. When assets are sold, retired or otherwise disposed of the applicable costs and accumulated depreciation, depletion and amortization are removed from the accounts, and the resulting gain or loss is reflected in operations.

Long-Lived Assets

The Company evaluates its long-lived assets in accordance with ASC Topic 360. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

Revenue Recognition

Revenue is recognized from oil sales at such time as the oil is delivered to the buyer. Revenue is recognized from gas sales when the gas passes through the pipeline at the well head. Revenue from overriding royalty interests is recognized when earned.

The Company does not have any gas balancing arrangements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions primarily related to oil and gas property reserves and prices, which affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Company files Federal and state income tax returns in states in which it operates. Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through income tax expense. The Company recognizes interest expense and penalties related to unrecognized tax benefits in the provision for income taxes.

Earnings Per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the year. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive. Common stock equivalents that could potentially dilute earnings per share are common stock options.

Presentation of Sales and Similar Taxes

Sales tax on revenue-producing transactions is recorded as a liability when the sale occurs.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are described more fully in Note 14. The Company accounts for stock-based compensation in accordance with ASC Topic 718. This topic requires the Company to recognize compensation cost based on the grant date fair value of options granted. During the years ended September 30, 2011 and 2010, the Company recognized $94,849 and $0, respectively, of compensation expense related to stock.

Reclassifications

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements.

Note 2 – Detail of Certain Balance Sheet Accounts

Receivables consist of the following:

		2011	2010
Accounts receivable	$	139,678	119,874
Income taxes receivable and prepaid		766,436	-
	$	906,114	119,874

Payables and accrued expenses consist of the following:

		2011	2010
Accounts payable	$	25,948	53,488
Accrued expenses		74,857	261,055
Payable - common stock repurchases		303,913	309,738
Dividends payable		71,529	77,929
	$	476,247	702,210

The payable – common stock repurchases results from the purchase of fractional shares created in a previous stock split. The Company has not yet been able to locate the beneficial owners. The payable is non-interest bearing and may be required to be paid within the current period.

Note 3 – Investments

Investments are recorded at fair value and consist of the following:

		2011	2010
Investments, at cost	$	1,205,071	1,209,660
Unrealized holding gain		31,414	35,261
Investments, at fair value	$	1,236,485	1,244,921

Changes in the unrealized holding gain (loss) on investments classified as available for sale and reported as a separate component of accumulated other comprehensive income (loss) are as follows:

		2011	2010
Balance, beginning of year	$	23,261	(3,038)
Unrealized holding gain (loss)		(3,847)	39,299
Deferred income taxes		1,000	(13,000)
Balance, end of year	$	20,414	23,261

Note 4 – Fair Value Measurements

The Company's investments are reported at fair value in the accompanying balance sheets. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Company follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 4 – Fair Value Measurements (continued)

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 - Quoted market prices in active markets for identical assets or liabilities;

Level 2 - Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

Level 3 - Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables provide financial assets carried at fair value:

	September 30, 2011		
	Level 1	Level 2 & 3	Total
Mutual funds: Large cap value	$ 9,022	-	9,022
Three year PIC linked to BANC	1,045,400	-	1,045,400
Common stocks: Energy	151,207	-	151,207
Preferreds/Fixed Rate Cap Securities	30,856	-	30,856
Total assets at fair value	$ 1,236,485	-	1,236,485

	September 30, 2010		
	Level 1	Level 2 & 3	Total
Mutual funds: Large cap value	$ 9,753	-	9,753
Three year PIC linked to BANC	1,036,900	-	1,036,900
Market linked certificates of deposit	197,668	-	197,668
Common stocks: Energy	600	-	600
Total assets at fair value	$ 1,244,921	-	1,244,921

Note 4 – Fair Value Measurements (continued)

The fair value of common stock is based on the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds, the three year PIC linked to BANC, and the Preferreds/Fixed rate cap securities is based on the quoted net asset value or unit cost of the shares held by the Company at year end.

Note 5 – Property and Equipment

Property and equipment consists of the following:

		2011	2010
Oil and gas properties (successful efforts method)	$	114,152	1,085,970
Capitalized asset retirement cost		13,537	28,505
Office furniture and equipment		102,429	102,429
		230,118	1,216,904
Less accumulated depreciation, depletion and amortization		(148,203)	(811,531)
	$	81,915	405,373

Note 6 – Other Assets

During the year ended September 30, 2011, the Internal Revenue Service (IRS) conducted an audit of the 2007 tax year. The audit resulted in the IRS disallowing the write-off of the cost basis of certain leases held-for-resale because the Company retained an overriding royalty interest on the leases after the sale and the IRS assessed back taxes, interest, and penalties of $657,987. The Company has taken the position that because the leases are on wildcat acreage and because the amount of estimated future production is unknown, 100% of the cost basis can be depleted.

The Company paid $657,987 in order to discontinue the accrual of interest and penalties in the event that the Company's ongoing appeal is unsuccessful. The amount is included in other assets.

Note 7 – Asset Retirement Obligation

The Company has an obligation to plug and abandon certain oil and gas wells it owns. Accordingly, a liability has been established equal to the obligation.

The following is a reconciliation of the aggregate retirement liability associated with the Company's obligation to plug and abandon its oil and gas properties:

		2011	2010
Balance, beginning of year	$	52,299	50,777
Reduction of obligation due to sale		(40,999)	-
Increase in obligations		5,817	-
Accretion expense		1,568	1,522
Balance, end of year	$	18,685	52,299

Note 8 – Stock Subscription Receivable

The stock subscription receivable consists of a six percent receivable due from the Company's ESOP. The receivable is reduced every six months by the amount of the obligation owed by the Company to the ESOP, less interest (see Note 15). During the years ended September 30, 2011 and 2010, the Company recognized $1,312 and $3,957 of interest income related to this note.

Note 9 – Income Taxes

The income tax benefit consists of the following:

		2011	2010
Current	$	(55,000)	(711,000)
Deferred		(218,000)	4,000
	$	(273,000)	(707,000)

Note 9 – Income Taxes (continued)

The benefit for income taxes differs from the amount computed at federal statutory rates as follows:

Income tax benefit at statutory rate	$	(244,000)	(705,000)
State benefit, net of federal benefit		(27,000)	(67,000)
Other		(2,000)	65,000
	$	(273,000)	(707,000)

Deferred tax assets (liabilities) are comprised of the following:

Net operating loss carryforward	$	184,000	-
Unrealized holding gain on investments		(11,000)	(12,000)
Intangible drilling costs and depletion		6,000	(107,000)
Asset retirement obligation		3,000	14,000
Accrued expenses		-	68,000
	$	182,000	(37,000)

Presented in the financial statements as follows:

Deferred income tax asset	$	193,000	56,000
Deferred income taxes		(11,000)	(93,000)
	$	182,000	(37,000)

Tax years 2007, 2008, and 2009 remain open to examination by the Federal Internal Revenue Service and for state taxing authorities.

As of September 30, 2011, the Company has net operating loss (NOL) carryforwards of approximately $541,000. If substantial changes in the Company's ownership should occur there would be an annual limitation of the amount of NOL carryforwards which could be utilized. Also, the ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time, and future events, which cannot be determined.

Note 10 – Sales to Major Customers

The Company had oil and gas sales to major customers during the years ended September 30, 2011 and 2010, which exceeded ten percent of total oil and gas sales as follows:

		2011	2010
Company A	$	608,000	608,000
Company B		323,188	-
Company C		305,654	289,000

Note 11 – Related Party Transactions

The Company acts as the operator for several oil and gas properties in which employees, officers and other related and unrelated parties have a working or royalty interest. At September 30, 2011 and 2010 there were no related party balances included in accounts payable due to officers as a result of these activities. The Company also is a member in certain limited partnerships and the operator for certain joint ventures formed for the purpose of oil and gas exploration and development.

The Company leases its office space from certain officers of the Company on a month-to-month basis. The lease requires monthly rental payments of $2,500 plus all expenses pertaining to the office space. Rent expense for the years ended September 30, 2011 and 2010 was approximately $30,000 each year.

The Company has a stock subscription receivable from the ESOP (see Note 8).

Note 12 – Supplemental Disclosures of Cash Flow Information

During the year ended September 30, 2011, the Company:

- Recorded an decrease of investments of $3,847, a change in unrealized holding (gain) loss of $2,847, and a change in investment related deferred income taxes of $1,000.
- Sold 6,000 shares of treasury stock to the Company’s ESOP at a cost of $5,560 in exchange for a stock subscription receivable.
- Issued 30,630 shares of common stock to the Company’s ESOP in exchange for a stock subscription receivable of $25,423.

Note 12 – Supplemental Disclosures of Cash Flow Information (continued)

- Reduced cost of operations by $33,163 as a result of oil and gas properties with an asset retirement obligation of $40,999 and net capitalized asset retirement costs of $7,836 being sold.

- Recorded capitalized asset retirement costs and asset retirement obligation of $5,817 due to drilling activities.

During the year ended September 30, 2010, the Company:

- Recorded an increase of investments of $39,299, a change in unrealized holding (gain) loss of $26,299, and a change in investment related deferred income taxes of $13,000.

- Sold 20,500 shares of treasury stock to the Company's ESOP at a cost of $23,275 in exchange for a stock subscription receivable.

Operations reflect actual amounts paid for interest and income taxes approximately as follows:

		2011	2010
Interest	$	-	-
Income taxes	$	657,987	-

Note 13 – Fair Value of Financial Instruments

None of the Company's financial instruments, which are current assets and liabilities that could be readily traded, are held for trading purposes. Detail on investments is provided in Note 4. The Company estimates that the fair value of all financial instruments at September 30, 2011 and 2010 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet.

Note 14 – Stock Options

The Company has adopted a stock option plan (the Plan). Under the Plan, the Company may issue shares of the Company's common stock or grant options to acquire the Company's common stock from time to time to employees, directors, officers, consultants or advisors of the Company on the terms and conditions set forth in the Plan.

Note 14 – Stock Options (continued)

The fair value of each option granted during 2011 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	-
Expected stock price volatility	54%
Risk-free interest rate	1.94%
Expected life of options	9.9 years

The weighted average fair value of each option granted during 2011 was approximately $0.35.

A schedule of the options outstanding is as follows:

	Number of Options	Exercise Price Per Share
Outstanding at October 1, 2009 and September 30, 2010	220,000	$0.80
Expired	(220,000)	0.80
Issued	270,000	0.55
Outstanding at September 30, 2011	270,000	$0.55

Note 15 – Stock Based Compensation

The following table summarizes information about common stock options outstanding at September 30, 2011:

Outstanding				Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.55	270,000	9.87	$0.55	270,000	$0.55

Note 15 – Stock Based Compensation (continued)

Employee Stock Ownership Plan

The Company has adopted a noncontributory employee stock ownership plan (ESOP) covering all full-time employees who have met certain service requirements. It provides for discretionary contributions by the Company as determined annually by the Board of Directors, up to the maximum amount permitted under the Internal Revenue Code. The plan has received IRS approval under Section 401(A) and 501(A) of the Internal Revenue Code. Pension expense charged to operations for the years ended September 30, 2011 and 2010 was $65,311 and $88,692, respectively. All outstanding shares held by the ESOP are included in the calculation of earnings per share.

Note 16 – Employee Benefit Plan

The Company sponsors a 401(k) deferred compensation plan that covers all eligible employees. The Company makes non-elective contributions on behalf of employees at the discretion of management. The amount of pension expense for the year ended September 30, 2011 and 2010, was approximately $65,000 and $32,000, respectively.

Note 17 – Commitments and Contingencies

Limited Partnerships

The Company has an immaterial interest in a limited partnership drilling program and acts as the general partner. As the general partner, the Company is contingently liable for any obligations of the partnership and may be contingently liable for claims generally incidental to the conduct of its business as general partner. As of September 30, 2011, the Company is unaware of any such obligations or claims arising from this partnership.

Employment Agreements

The Company has entered into severance pay agreements with employees and officers of the Company who also serve as board members. Under the terms of the agreements, a board member who is terminated shall receive severance pay equal to the amount such board member received in salary and bonus for the two years prior to termination.

Note 17 – Commitments and Contingencies (continued)

Litigation

The Company may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business, including those related to environmental safety and health, commercial transactions, etc. As of September 30, 2011, the Company is only aware of the pending issue discussed in Note 6, which it believes could have a material adverse effect on its financial position.

As of September 30, 2010, the Company had accrued a $200,000 claim related to title failures on resale leases sold in prior years. During the year ended September 30, 2011, it was determined that the claim no longer had merit and the liability was removed through cost of operations.

Note 18 – Subsequent Events

The Company evaluated its September 30, 2011 financial statements for subsequent events through December 16, 2011, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and
Stockholders of Pioneer Oil and Gas

We have audited the financial statements of Pioneer Oil and Gas as of and for the years ended September 30, 2011 and 2010, and our report thereon dated December 16, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules of Oil and Gas Operations, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
December 16, 2011

PIONEER OIL AND GAS
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2011 and 2010

The information on the Company's oil and gas operations as shown in this schedule is based on the successful efforts method of accounting and is presented in conformity with the disclosure requirements of ASC Topic 932.

Capitalized Costs Relating to Oil and Gas Producing Activities

		2011	2010
Proved oil and gas properties and related equipment	$	47,240	752,352
Unproved oil and gas properties		66,912	333,618
		114,152	1,085,970
Accumulated depreciation, depletion and amortization and valuation allowances		(41,756)	(693,582)
	$	72,396	392,388

Costs Incurred in Oil and Gas Acquisition, Exploration and Development Activities

		2011	2010
Acquisition of properties:			
Proved	$	-	-
Unproved	$	-	-
Exploration costs	$	-	-
Development costs	$	-	16,700

PIONEER OIL AND GAS
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2011 and 2010

Results of Operations for Producing Activities

		2011	2010
Oil and gas - sales	$	1,254,186	1,116,835
Production costs net of reimbursements		(287,313)	(919,446)
Exploration costs		(326,834)	(304,303)
Depreciation, depletion and amortization and valuation provisions		(968)	(10,431)
Net income (loss) before income taxes		639,071	(117,345)
Income tax provision (benefit)		217,000	(40,000)
Results of operations from producing activities (excluding corporate overhead and interest costs)	$	422,071	(77,345)

PIONEER OIL AND GAS
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2011 and 2010

Reserve Quantity Information (Unaudited)

The estimated quantities of proved oil and gas reserves disclosed in the table below are based on appraisal of the proved developed properties by Fall Line Energy, Inc. Such estimates are inherently imprecise and may be subject to substantial revisions.

All quantities shown in the table are proved developed reserves and are located within the United States.

	2011		2010	
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)
Proved developed and undeveloped reserves:				
Beginning of year	24,308	1,070,739	24,768	956,646
Revision in previous estimates	2,252	81,480	7,578	255,910
Discoveries and extensions	753	207,604	-	-
Purchase in place	-	-	-	-
Production	(5,215)	(142,075)	(8,038)	(141,817)
Sales in place	(15,542)	-	-	-
End of year	6,556	1,217,748	24,308	1,070,739
Proved developed reserves:				
Beginning of year	24,308	1,070,739	24,768	956,646
End of year	6,556	1,217,748	24,308	1,070,739

PIONEER OIL AND GAS
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2011 and 2010

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves (Unaudited)

	2011	2010
Future cash inflows	$ 7,285,000	6,650,000
Future production and development costs	(2,193,000)	(2,048,000)
Future income tax expense	(1,731,000)	(1,565,000)
	3,361,000	3,037,000
10% annual discount for estimated timing of cash flows	(1,726,000)	(1,430,000)
Standardized measure of discounted future net cash flows	$ 1,635,000	1,607,000

The preceding table sets forth the estimated future net cash flows and related present value, discounted at a 10% annual rate, from the Company's proved reserves of oil, condense and gas. The estimated future net revenue is computed by applying the average prices of oil and gas (including price changes that are fixed and determinable) based upon the prior 12-month period and current costs of development production to estimated future production assuming continuation of existing economic conditions. The values expressed are estimates only, without actual long-term production to base the production flows, and may not reflect realizable values or fair market values of the oil and gas ultimately extracted and recovered. The ultimate year of realization is also subject to accessibility of petroleum reserves and the ability of the Company to market the products.

PIONEER OIL AND GAS
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2011 and 2010

Changes in the Standardized Measure of
Discounted Future Cash Flows (Unaudited)

	2011	2010
Balance, beginning of year	$ 1,607,000	1,127,000
Sales of oil and gas produced net of production costs	(813,000)	(209,000)
Net changes in prices and production costs	(17,000)	185,000
Extensions and discoveries, less related costs	998,000	-
Purchase and sales of minerals in place	(1,230,000)	-
Revisions of estimated development costs	-	-
Revisions of previous quantity estimate	914,000	144,000
Accretion of discount	161,000	113,000
Net changes in income taxes	15,000	247,000
Balance, end of year	$ 1,635,000	1,607,000

PIONEER OIL AND GAS

FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 2012

JONES P.C. SIMKINS
Certified Public Accountants

PIONEER OIL AND GAS
INDEX TO FINANCIAL STATEMENTS
March 31, 2012

JONES SIMKINS P.C.
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and
Stockholders of Pioneer Oil and Gas
South Jordan, Utah

We have compiled the accompanying balance sheet of Pioneer Oil and Gas (a corporation) as of March 31, 2012, and the related statements of operations for the three and six month periods ended March 31, 2012 and 2011, and the related statements of cash flows for the six month periods ended March 31, 2012 and 2011. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The balance sheet as of September 30, 2011, was audited by us, and we expressed an unqualified opinion on it in our report dated December 16, 2011, but we have not performed any auditing procedures since that date.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
May 18, 2012

PIONEER OIL AND GAS
BALANCE SHEETS

Assets		March 31, 2012 (Compiled)	September 30, 2011 (Audited)
Current assets:			
Cash	$	3,754,076	3,522,165
Investments, available for sale		1,298,255	1,236,485
Receivables		105,267	906,114
Resale leases, at lower of cost or market		1,725,147	2,000,154
Total current assets		6,882,745	7,664,918
Property and equipment, net		316,225	81,915
Deferred income taxes		371,000	193,000
Other assets		660,217	660,217
	$	8,230,187	8,600,050
Liabilities and Stockholders' Equity			
Current liabilities:			
Payables and accrued expenses	$	406,021	476,247
Deferred income taxes		29,000	11,000
Total current liabilities		435,021	487,247
Asset retirement obligation		27,556	18,685
Total liabilities		462,577	505,932
Commitments and contingencies			
Stockholders' equity:			
Common stock, par value $.001 per share, 50,000,000 shares authorized; 7,540,405 and 7,703,895 shares issued and outstanding, respectively		7,540	7,704
Additional paid-in capital		1,542,458	1,705,784
Stock subscription receivable		(370,507)	-
Accumulated other comprehensive income		55,829	20,414
Retained earnings		6,532,290	6,774,523
		7,767,610	8,508,425
Less treasury stock, 0 and 414,327 shares at cost, respectively		-	(414,307)
Total stockholders' equity		7,767,610	8,094,118
	$	8,230,187	8,600,050

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
Revenue:				
Oil and gas sales	$ 142,907	149,990	413,828	316,070
Royalty revenue	99,211	104,793	163,196	195,965
	242,118	254,783	577,024	512,035
Costs and expenses:				
Cost of operations	24,094	82,750	109,812	153,869
General and administrative expenses	240,808	222,696	396,285	381,196
Exploration costs	86,622	83,470	162,461	161,824
Lease rentals	2,965	14,627	22,845	33,823
Loss on impairment of resale leases	54,400	-	308,568	158,493
Depreciation, depletion and amortization	19,605	2,586	20,057	5,357
	428,494	406,129	1,020,028	894,562
Loss from operations	(186,376)	(151,346)	(443,004)	(382,527)
Other income (expense):				
Loss on disposal of developing property	-	-	-	(15,419)
Interest income	11,442	5,439	17,029	11,451
Other	687	1,412	5,742	11,066
	12,129	6,851	22,771	7,098
Loss before benefit for income taxes	(174,247)	(144,495)	(420,233)	(375,429)
Benefit for income taxes	(92,000)	(50,000)	(178,000)	(133,000)
Net loss	$ (82,247)	(94,495)	(242,233)	(242,429)
Net loss per common share:				
Basic	$ (0.01)	(0.01)	(0.03)	(0.03)
Diluted	$ (0.01)	(0.01)	(0.03)	(0.03)
Weighted average common shares:				
Basic	7,541,000	7,673,000	7,618,000	7,673,000
Diluted	7,541,000	7,673,000	7,618,000	7,673,000

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Six Months Ended March 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Net loss	$	(242,233)	(242,429)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Loss on disposal of oil and gas properties		-	15,419
Depreciation, depletion and amortization		20,057	5,357
Accretion expense		603	784
Employee benefit plan expense		38,221	27,766
Deferred income taxes		(178,000)	(133,000)
Interest income		(6,040)	(809)
(Increase) decrease in:			
Receivables		800,847	10,504
Resale leases		275,007	103,617
Increase (decrease) in:			
Payables and accrued expenses		2,994	(34,004)
Net cash provided by (used in) operating activities		711,456	(246,795)
Cash flows from investing activities:			
Purchases of investments, available for sale		(8,355)	(287)
Acquisition of property and equipment		(246,099)	-
Net cash used in investing activities		(254,454)	(287)
Cash flows from financing activities:			
Payable - common stock repurchase		(60,001)	(2,375)
Purchase of treasury stock		(163,490)	-
Payment of dividends		(1,600)	-
Net cash used in financing activities		(225,091)	(2,375)
Net increase (decrease) in cash		231,911	(249,457)
Cash, beginning of period		3,522,165	4,369,880
Cash, end of period	$	3,754,076	4,120,423

See independent accountants' compilation report.

PIONEER OIL AND GAS
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Six Months Ended March 31, 2012 and 2011

During the six months ended March 31, 2012, the Company:

- Recorded an increase in investments of $53,415, an increase in unrealized holding gain of $35,415, and a change in investment related deferred income taxes of $18,000.

- Sold 414,327 shares of treasury stock to the Company's ESOP at a cost of $414,307 in exchange for a $11,619 reduction to ESOP payable and a $402,688 increase to stock subscription receivable.

- Recorded capitalized asset retirement costs and asset retirement obligation of $8,268 due to drilling activities.

- Retired 163,490 shares of treasury stock that was purchased for $1.00 per share.

During the six months ended March 31, 2011, the Company:

- Recorded an increase in investments of $44,965, an increase in unrealized holding gain of $29,965, and a change in investment related deferred income taxes of $15,000.

- Sold 6,000 shares of treasury stock to the Company's ESOP at a cost of $5,560 in exchange for a stock subscription receivable.