UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

[X]
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

[ ]
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________.

Commission file number: 333-140806

CAPITAL CITY ENERGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-5131044**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1335 Dublin Road, Suite 122-D **Columbus, Ohio**	**43215**
(Address of principal executive offices)	(Zip Code)

(614) 485-3110
Registrant’s telephone number, including area code

_______________________N/A________________________
(Former address, if changed since last report)
______________________N/A________________________
(Former fiscal year, if changed since last report)

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 ☑ No

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 ☑ No

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
☐ Yes ☐ No

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. As of July 13, 2015, there were 85,949,061 shares of common stock, $0.001 par value, issued and outstanding**.**

CAPITAL CITY ENERGY GROUP, INC.

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PART I – FINANCIAL INFORMATION

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading"Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe,""estimate," "consider," or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1. Financial Statements

The unaudited consolidated financial statements of registrant for the three months ended March 31, 2015 and 2014 follow. The unaudited consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

CAPITAL CITY ENERGY GROUP, INC.
Consolidated Balance Sheets

ASSETS

	March 31, 2015	December 31, 2014
	(Unaudited)	
CURRENT ASSETS		
Cash	$ 236,854	$ 389,775
Accounts receivable	9,607	2,629
Other current assets	4,083	8,912
Total Current Assets	250,544	401,316
PROPERTY AND EQUIPMENT		
Oil and gas properties	5,632,253	5,632,632
Accumulated depletion and depreciation	(5,330,953)	(5,312,829)
Total Property and Equipment	301,300	319,803
OTHER PROPERTY AND EQUIPMENT, net	-	-
OTHER ASSETS		
Security deposits	375	375
Total Other Assets	375	375
TOTAL ASSETS	$ 552,219	$ 721,494

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	March 31, 2015	December 31, 2014
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,514,348	$ 2,588,343
Participating interest	1,470,000	1,480,000
ARO liability	66,630	65,392
Joint venture liability	239,078	239,078
Notes payable, current portion	869,376	869,376
Total Current Liabilities	5,159,432	5,242,189
NON-CURRENT LIABILITIES		
Notes payable, long-term	36,804	37,304
Total Non-Current Liabilities	36,804	37,304
TOTAL LIABILITIES	5,196,236	5,279,493
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred Stock, $0.001 par value, 10,000,000 shares shares authorized, 3,062,234 shares issued and outstanding	3,062	3,062
Common stock, $0.001 par value, 500,000,000 shares authorized, 85,949,061 shares issued and outstanding	85,949	85,949
Additional paid-in capital	30,525,235	30,525,235
Retained earnings (deficit)	(35,258,263)	(35,172,245)
Total Stockholders' Equity (Deficit)	(4,668,017)	(4,557,999)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 552,219	$ 721,494

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

CAPITAL CITY ENERGY GROUP, INC.

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31, 2015	For the Three Months Ended March 31, 2014
REVENUE	$ 95,506	$ 173,591
COST OF SALES	31,414	65,442
GROSS PROFIT	64,092	108,149
OPERATING EXPENSES		
General and administrative expenses	59,567	50,241
Depletion, depreciation, and accretion	19,741	12,993
Impairment expense	-	31,768
Professional fees	93,396	142,109
Total Operating Expenses	172,704	237,111
LOSS FROM OPERATIONS	(108,612)	(128,962)
OTHER INCOME (EXPENSES)		
Interest expense	(30,659)	(30,674)
Gain on settlement of debt	53,253	-
Total Other Income (Expenses)	22,594	(30,674)
LOSS BEFORE INCOME TAXES	(86,018)	(159,636)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	$ (86,018)	$ (159,636)
BASIC AND DILUTED LOSS PER SHARE	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	85,949,061	85,702,878

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

CAPITAL CITY ENERGY GROUP, INC.

Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (86,018)	$ (159,636)
Adjustments to reconcile net loss to net used in operating activities:		
Depreciation, depletion, and accretion	19,741	12,992
Impairment of oil and gas properties	-	31,768
Gain on settlement of debt	(53,253)	-
Changes in operating assets and liabilities		
Accounts receivable	(6,978)	(8,601)
Prepaid expenses and other current assets	4,829	(42,941)
Accounts payable and accrued expenses	(20,742)	145,668
Net Cash Used in Operating Activities	(142,421)	(20,750)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of participating interest	(10,000)	-
Purchase of fixed assets	-	(50,000)
Net Cash Used in Investing Activities	(10,000)	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(500)	(1,500)
Net Cash Used by Financing Activities	(500)	(1,500)
NET DECREASE IN CASH	(152,921)	(72,250)
CASH AT BEGINNING OF PERIOD	389,775	640,342
CASH AT END OF PERIOD	$ 236,854	$ 568,092
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID FOR:		
Interest	$ -	$ -
Income Taxes	$ -	$ -
NON CASH FINANCING ACTIVITIES:	$ -	$ -

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

Note 1. Basis of Presentation

The accompanying unaudited interim consolidated financial statements of Capital City Energy Group, Inc. ("Capital City") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in Capital City's annual report filed with the SEC on Form 10-K for the year ended December 31, 2014. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year ending December 31, 2014 as reported in Form 10-K have been omitted.

Note 2. Organization and Business Operations

The Company was originally formed on June 27, 2006 as The Baby Dot Company to engage in the business of designing, marketing and distributing handcrafted baby blankets and other accessories made from quality fabrics. Our business operations had been conducted through a wholly owned subsidiary, Baby Dot LLC, a limited liability company formed under the laws of the State of Nevada. As used in this Annual Report, references to "the Company" or to "we," "us" or "our" refer to Capital City Energy Group, Inc., together with its consolidated subsidiaries, Capital City Petroleum, Inc., Avanti Energy Partners, LLC, Eastern Well Services, LLC and Hotwell Services, Inc., unless the context otherwise requires.

On March 11, 2008, the Company merged with Capital City Energy Group, Inc. Capital City Energy Group, Inc., was founded in 2003 and is headquartered in its offices in Columbus, Ohio, from where it conducts its growing energy business that is principally in the upstream oil and gas exploration and production ("E&P") industry. Its business has evolved from its beginnings to where it recently resumed its core pursuits as an innovative leader in the design, management and sponsorship of retail and institutional, direct participation energy programs. With fractional and wholly owned well holdings diversified across the United States, the Company opportunistically seeks out conventional and unconventional projects, occasionally self-operated and from among its historic and developing list of operator affiliates and partners.

The Company was in transition throughout 2008 as it moved from receiving the majority of revenue from the Fund Management Division of the Company in 2007 and previous years to receiving the majority of revenue from the direct ownership of interests in energy properties.

During 2008 the Company acquired Avanti Energy Partners, which had managed the Capital City Energy Funds. Avanti transitioned to a small, full-service oil and natural gas operating company during 2008. A second acquisition was transacted in the first half of 2008 in the oilfield service sector. The Company acquired was Eastern Well Services, LLC and began operations through consulting oil and natural gas operating companies on their well completion in the continental United States and internationally.

On December 11, 2008, Capital City Energy Fund XIV, LLC (the "LLC") merged with and into Capital City Petroleum, Inc., a wholly-owned subsidiary of the Company. Pursuant to the merger, the members of the LLC received 698,551 shares of the Company's unregistered common stock based on the distribution provisions of the limited liability company agreement of the LLC.

Additionally, on December 11, 2008, Capital City Energy Fund XVI, LP (the "LP") merger with and into Capital City Petroleum, Inc. Pursuant to the merger, the partners of the LP received 820,546 shares of the Company's unregistered common stock based on the distribution provisions of the limited partnership agreement of the LP.

The Company acquired 100% of the capital stock of Hotwell Services Inc. ("Hotwell"), an emerging oilfield service company operating in the Appalachian Basin, on December 31, 2008. The Company purchased Hotwell for $5,000,000, through the issuance of 2,777,778 shares of common stock valued at $1.80 per share. On February 15, 2011 the Company entered into an Asset Sale Agreement whereby the Company sold 100% of Hotwell's assets and approximately 88 percent of its liabilities. As of March 31, 2014 the Hotwell subsidiary is largely inactive.

Note 3. Summary of Significant Accounting Policies

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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.

Capital City's consolidated financial statements are based on a number of significant estimates, including oil and gas reserve quantities which are the basis for the calculation of depreciation, depletion and impairment of oil and gas properties, and timing and costs associated with its retirement obligations.

Cash and Cash Equivalents
Cash and cash equivalents include cash in banks and financial instruments which mature within three months of the date of purchase.

Concentration of Credit Risk
Financial instruments that potentially subject the Company to concentration of credit risk consist of cash. As of March 31, 2015 and December 31, 2014, the Company had $-0- and $139,775 in excess of federally insured limits (the FDIC insured deposits have been temporarily increased to $250,000). The Company maintains cash accounts only at large high quality financial institutions and the Company believes the credit risk associated with cash held in banks is remote.

The Company's receivables primarily consist of accounts receivable from oil and gas sales. Accounts receivable are recorded at invoiced amount and generally do not bear interest. Any allowance for doubtful accounts is based on management's estimate of the amount of probable losses due to the inability to collect from customers. As of March 31, 2015 and December 31, 2014, no allowance for doubtful accounts has been recorded and none of the accounts receivable have been collateralized.

Fair Value of Financial Instruments
As of March 31, 2015, the fair value of cash, accounts receivable, and accounts payable, including amounts due to and from related parties, if any, approximate carrying values because of the short-term maturity of these instruments.

Principles of Consolidation
The Company's financial statements include the accounts of the Company and its wholly owned subsidiaries: Eastern Well Services, LLC, Capital City Petroleum, Inc. Avanti Energy Partners, Inc. and Hotwell, Inc. All significant intercompany transactions have been eliminated in the consolidation.

Oil and Gas Properties, Successful Efforts Method
The Company uses the successful efforts method of accounting for oil and gas producing activities. Under the successful efforts method, costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, and to drill and equip development wells are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed as incurred. We evaluate our proved oil and gas properties for impairment on a field-by-field basis whenever events or changes in circumstances indicate that an asset's carrying value may not be recoverable. Capital City follows Accounting Standards Codification Topic 932, *Extractive Activities – Oil and Gas*, in performing an impairment test (ceiling test) for these evaluations. Unamortized capital costs are reduced to fair value if the undiscounted future net cash flows from our interest in the property's estimated proved reserves are less than the asset's net book value.

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 drilling 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 unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives. The Company recognized impairment expense of $-0- and $31,768 during the three-month periods ended March 31, 2015 and 2014, respectively.

Note 3. Summary of Significant Accounting Policies (Continued)

Oil and Gas Properties, Successful Efforts Method (Continued)
Under Accounting Standards Codification Topic 932, *Extractive Activities – Oil and Gas*, drilling costs for exploratory wells are initially capitalized but generally must be charged to expense unless the wells are determined to be successful within one year after completion of drilling. The one-year limitation may be exceeded for an exploratory well only if sufficient reserves have been found to justify its completion and sufficient progress has been made in assessing the reserves and the economic and operating viability of the project. If the exploratory well does not meet both criteria, its capitalized costs are expensed, net of any salvage value. Annual disclosures are required under FSP No. 19-1 to provide information about management's evaluation of capitalized exploratory well costs, including disclosure of (i) net changes from period to period in the costs for wells that are pending the determination of proved reserves, (ii) the amount of any exploratory well costs that have been capitalized for more than one-year after the completion of drilling and (iii) an aging of suspended exploratory well costs and the number of wells affected. See Note 2 – Oil and Gas Properties.

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 had 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.

Property and Equipment
The cost of leasehold improvement and office equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Consolidation of Variable Interest Entities
The Company evaluates and consolidates where appropriate its less than majority-owned investments pursuant to Accounting Standards Codification Topic 810, Consolidation. A variable interest entity (VIE) is a corporation, partnership, trust, or any other legal structure used for business purposes that does not have equity investors with proportionate voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. Topic 810 requires a VIE to be consolidated by a company if that company is the primary beneficiary of the VIE. The primary beneficiary of a VIE is an entity that is subject to a majority of the risk of loss from the VIE's activities or entitled to receive a majority of the entity's residual returns, or both. The Company has determined that the Capital City Energy Funds qualify as VIEs, however, they have determined that the Company is not the primary beneficiary. Accordingly, the Company has not consolidated the Capital City Energy Funds.

Asset Retirement Obligations
The Company follows the provisions of Accounting Standards Codification 410, *Asset Retirement and Environmental Obligations*. The fair value of an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. For the Company, asset retirement obligations relate to the abandonment of oil and gas producing facilities. The amounts recognized are based upon numerous estimates and assumptions, including future retirement costs, future recoverable quantities of oil and gas, future inflation rates and the credit-adjusted risk-free interest rate.

Income Taxes
The Company accounts for income taxes pursuant to Accounting Standards Codification 740, *Accounting for Income Taxes*," which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred taxes are provided on temporary differences between the financial statements and tax basis of assets using the enacted tax rates that are expected to apply to taxable income when the temporary differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Topic 740 establishes a more-likely-than-not threshold for recognizing the benefits of tax return positions in the financial statements. Topic 740 also implements a process for measuring those tax positions which meet the recognition threshold of being ultimately sustained upon examination by the taxing authorities **.**

Note 3. Summary of Significant Accounting Policies (Continued)

Revenue Recognition
Capital City recognizes oil and natural gas revenue under the sales method of accounting for its interests in producing wells as oil and natural gas is produced and sold from those wells. Oil and natural gas sold by Capital City is not significantly different from Capital City's share of production. Revenues from management fees are recognized in the preceding month at end of each calendar quarter and paid in arrears.

Income (Loss) per Share of Common Stock
Basic net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the periods presented. Diluted net loss per common share is computed using the weighted average number of common shares outstanding for the period, and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, stock warrants, convertible preferred stock or other common stock equivalents. The Company did not have any potential common shares outstanding during the periods presented.

Reclassification
Certain amounts in prior periods have been reclassified to conform to current period presentation.

Going Concern
The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. The Company has incurred cumulative operating losses through March 31, 2015 and December 31, 2014 of $35,258,263 and $35,172,245, respectively, and had a working capital deficit of $4,908,888 and $4,840,873 at March 31, 2015 and December 31, 2014, respectively. Revenues for the three-month periods ended March 31, 2014 and 2013 were not sufficient to cover our operating costs and we continue to generate negative cash flows from operations. There can be no assurance that the Company can or will be able to generate sufficient revenue or complete any debt or equity financing that might be needed to support operations in the future.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company is in the process of raising additional capital through a related party private fund management company.

Note 4. Oil and Gas Properties

Oil and gas properties are stated at cost. Depletion expense for the three months ended March 31, 2015 and 2014 amounted to $18,124 and $11,755, respectively. Gains and losses on sales and disposals are included in the statements of operations. As of March 31, 2015 and December 31, 2014 oil and gas properties consisted of the following:

	2015	2014
Proved producing properties	$ 5,523,601	$ 5,523,980
Proved non-producing properties	-	-
Unproved properties	108,652	108,652
Total	5,632,253	5,632,632
Accumulated Depletion	(5,330,953)	(5,312,829)
Net Oil and Gas Properties	$ 301,300	$ 319,803

Note 5. Participating Interest Financing Arrangement

The Company entered into a series of financing agreements for aggregate proceeds of $1,500,000 whereby participating revenue interests were conveyed to individual lenders in certain oil and gas properties owned by the Company. The principal terms of the agreements provided for a production payment from the net revenue interests in certain wells in which the Company owns a working interest; provided a minimum return on investment of 12% in the first year only; and provided a put option to the holders in Month 13. The put option provided the holder the sole right to put the participating revenue interest to the Company for the original principal amount. The put options expired in May of 2009. Since the inception of the Arrangement the Company has repaid $30,000 against these participating interests. Accordingly, there are participating interest liabilities totaling $1,470,000 as of March 31, 2015.

Note 6. Notes Payable

During the year ended December 31, 2008 the Company entered into a $51,206 note payable agreement with an unrelated third party entity. The note is non-interest bearing and is due on demand. The Company has paid $2,330 against the note principal, leaving the unpaid principal balance at $48,876 at March 31, 2015 and December 31, 2014.

On April 29, 2009 the Company consummated eleven notes payable with various lenders whereby the Company received cash proceeds totaling $605,000. The notes all accrue interest at a rate of 14 percent per annum, and became due on March 11, 2014. As of March 31, 2015 and December 31, 2014 the Company has made no principal payments on the notes, but has paid current all accrued interest, totaling $20,885 for the three months ended March 31, 2015 and 2014.

On August 18, 2009 the Company entered into a note payable agreement with an unrelated third party entity whereby the Company borrowed $212,500. The note originally accrued interest at a rate of seven percent per annum, but upon default the effective interest rate increased to 17.5 percent per annum. As of March 31, 2015 and December 31, 2014 the entire principal balance of the note remained outstanding, and the Company owed accrued interest totaling $111,359 and $102,189, respectively.

On August 31, 2010 the Company entered into a $80,067 note payable agreement with a related party individual. The note is non-interest bearing and is due on demand. Subsequent to the note date, the Company made payments on the note totaling $8,750, and made new borrowings under the note in the amount of $2,286. As of December 31, 2013 the outstanding principal balance on the note totaled $73,603. During the 2014 calendar year, the Company reached an agreement with the note holder whereby the Company paid $53,140 in full satisfaction of the note. Pursuant to this transaction, the Company recognized a gain on settlement of debt in the amount of $38,474.

On June 5, 2012 the Company entered into a $47,054 note agreement with an unrelated third party. The note accrues interest at a rate of six percent per annum and is due on demand. The note calls for payments of $250 per month through December 1, 2017, at which time a final payment of $46,355 is due. During the three-months ended March 31, 2015 and the year ended December 31, 2014, the Company made payments of $500 and $2,500, respectively on the note, leaving an unpaid principal balance of $39,804 and $40,304 as of March 31, 2015 and December 31, 2014, respectively. Accrued interest on the notes totaled $7,179 and $6,601 at December 31, 2014 and 2013, respectively.

Future maturities on the Company's outstanding notes payable are as follows:

Year	Payments Due
2015	$ 868,626
2016	3,000
2017	34,554
Total	$ 906,180

Note 7 - Joint Venture Liability

During the 2008 calendar year the Company's Avanti subsidiary entered into a series of Joint Venture Participation Agreements with various unrelated entities for the purpose of acquiring fractional interests in oil and gas leases in Ohio, and the drilling, completion, and production of oil and gas. Avanti was to serve as the Managing Joint Venturer and as operator on all of the oil and gas leases to be acquired.

Pursuant to the sale of participation interests in the joint venture, Avanti raised $677,121. With these funds, the joint venture made $463,394 in expenditures toward the purchase and development of certain oil and gas properties. As of December 31, 2011, the acquired properties were deemed unsuccessful and the projects were abandoned.

Note 7 - Joint Venture Liability (Continued)

As of March 31, 2015 and December 31, 2014, Avanti maintains a liability to the investors in the joint venture of $239,078, representing the difference between funds raised pursuant to the joint venture and funds actually expended toward the project's stated objectives.

Note 8. Stockholders' Equity

At March 31, 2015 and December 31, 2014 the Company has authorized 10,000,000 shares of preferred stock, of which 3,062,234 shares were issued and outstanding. The preferred stock has no redemption or liquidation preference, and currently has no designation to be converted into shares of common stock. The Company also has authorized 500,000,000 shares of common stock, of which 85,949,061 shares were issued and outstanding.

On January 17, 2014, 7,634 shares of the Company's common stock were returned to treasury and cancelled.

On May 12, 2014 the Company issued 250,000 shares of common stock to an unrelated third party as payment for services rendered. The shares were valued at $0.03 per share, being the market price of the stock on the date of issuance, resulting in a total value of $6,602.

Note 9 – Asset Retirement Obligations

The total future asset retirement obligation is estimated by management based on the Company's net working interests in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. At March 31, 2015 and December 31, 2014, the Company estimated the undiscounted cash flows related to asset retirement obligation to total approximately $185,695. The fair value of the liability at March 31, 2015 and December 31, 2014 is estimated to be $66,630 and $65,392, respectively, using risk free rates between 2.48 and 4.24 percent and inflation rates between 2.75 and 4.20 percent. The actual costs to settle the obligation are expected to occur in approximately 25 years.

Changes to the asset retirement obligation were as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of year	$ 65,392	$ 60,061
Liabilities incurred	-	380
Disposal	-	
Accretion expense	1,238	4,951
Balance, end of period	$ 66,630	$ 65,392

Note 10 – Related-Party Transactions

In 2010 the Company's board of directors approved executive compensation agreements with its two officers, whereby each was to be paid $120,000 per annum. As of March 31, 2015 and December 31, 2014, the Company owed an aggregate of $740,500 and $704,500, respectively, pursuant to the compensation agreements.

Note 11 - Subsequent Events

In accordance with ASC 855-10, the Company's management has reviewed all material events and there are no additional material subsequent events to report.

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

This discussion and analysis contains statements of a forward-looking nature relating to future events or our future financial performance or financial condition. Such statements are only predictions and the actual events or results may differ materially from the results discussed in or implied by the forward-looking statements. The historical results set forth in this discussion and analysis are not necessarily indicative of trends with respect to any actual or projected future financial performance. This discussion and analysis should be read in conjunction with the financial statements and the related notes thereto included elsewhere in this report.

Overview

Our Company, through our subsidiaries, is an expanding energy company that has evolved from the design, management and sponsorship of the Funds to become a integrated, independent energy company building a portfolio of core E&P assets which provide attractive returns on investment and growth opportunities through the development and ownership of both various, non-operated well interests and wells developed and operated by itself. Additionally, the Company will occasionally utilize its historic fund management experience in developing and managing upstream investment opportunities for others, through the various investment models with which it is familiar and the comprise the most advantageous structures. This business plan will continue to opportunistically evolve, along with emerging developments in contemporary energy markets.

Summary of Our Plan

While we will continue to be opportunistic, we will continue to focus all the majority of its attention on the oil and gas production activities of the CCP subsidiary as plans to obtain additional funding are finalized. More details of our business plan are found in the "Description of Our Company" portion of our most recent Annual Report for Form 10-K for the year ended December 31, 2014.

It is also our plan to abandon the operations for Eastern and significantly restrict Avanti's activities to existing projects, managing Fund XVII and operating the wells in the Homer/Woody Project.

We do not currently have sufficient funding to implement all phases of our business plan for the next 12 months and do need to raise additional funding for this purpose.

Results of Operations for the Three ended March 31, 2015 compared to March 31, 2014

	For the Three-Months Ended March 31, 2015	2014
Revenues	$ 95,506	$ 173,591
Cost of Sales	31,414	65,442
Gross Profit	64,092	108,149
Operating Expenses		
General and administrative	59,567	50,241
Depletion, depreciation and accretion	19,741	12,993
Impairment expense	--	31,768
Professional fees	93,396	142,109
Total operating expenses	172,704	237,111
Income (Loss) from operations	(108,612)	(128,962)
Other income (expense)		
Interest expense	(30,659)	(30,674)
Gain on settlement of debt	53,253	--
Total other income (expenses)	$ 22,594	$ (30,674)
Net Income (Loss)	$ (86,018)	$ (159,636)

Summary of Results of Operations

Revenue

On a consolidated basis our oil and gas revenues were $95,506 for the three-month period ended March 31, 2015, compared to $173,591 for the three-month period in 2014. The decrease in oil and gas revenues was primarily attributable to decreased production volumes during the period, coupled with lower prices of oil in 2015.

Lease Operating Expenses

For the three month period ended March 31, 2015, lease operating expenses (LOE) were $31,414 compared to $65,442 during the three month period ended March 31, 2014. The decrease was primarily attributable to decreased production volumes in 2015. Typical LOE expenses include operating labor, field supervision, water hauling and disposal fees, communications, fuel, leased vehicles, environmental and safety compliance.

Depreciation, Depletion, and Accretion

Depreciation, depletion and accretion expenses totaled $19,741 for the three-month period ended March 31, 2015, compared to $12,993 for the three-month period ended March 31, 2014. This increase was due primarily to increased depletion expense. Depletion increased during the period primarily because certain known oil and gas reserves of active wells have been recently shown to be less than previously calculated, pursuant to our most recent reserve analysis report. Because of these smaller reserves, current period production relative to the known reserve quantities increased during the period, resulting in increased depletion expense.

Selling, General and Administrative Expenses

For the three-month period ended March 31, 2015, general and administrative expenses totaled $59,567, an increase from the general and administrative expenses of $50,241 posted during the same time period in 2014. This increase is primarily attributable to increases in contract labor and insurance expenses.

Professional Fees

Professional fees totaled $93,396 for the three-month period ended March 31, 2015, compared to $142,109 for the three-month period ended March 31, 2014. This overall decrease for the period was due primarily to the 2014 engagement of accounting and legal professionals related to the preparation of financial and other information necessary to meet our public reporting obligations. Included in professional fees for each year is an accrual of $60,000 per quarter for officer compensation.

Impairment of Oil and Gas Properties

During the three-month periods ended March 31, 2015 and 2014 the Company recognized $-0- and $31,768 in impairment expense relating to its oil and gas properties. This impairment was recognized due to the fact that the net present value of the estimated future cash flows from certain of the Company's oil and gas properties, as estimated in the Company's December 31, 2014 reserve report, was less than the Company's book value for the same properties.

Other Income (Expenses)

For the three-month periods ended March 31, 2015 the Company recognized a gain on settlement of debt totaling $53,253. The Company also recognized interest expense of $30,659, respectively, compared to $30,674 for the comparable period of the 2014 fiscal year. The interest expense for these periods are associated with the Company's notes payable. Historically, these notes have been converted to equity where possible and/or have been repaid. We foresee meeting all outstanding notes subject to the raising of further capital and increasing revenues over the course of the 2015 and 2016 fiscal years.

Net Income (Loss)

We had net loss for the three-month period ended March 31, 2015 of $86,018, a decrease compared to a net loss of $159,636 for the three-month period ended March 31, 2014. This slight decrease in our current period net loss resulted primarily from an increased loss from operations, offset by increased other income recognized during the period.

Liquidity and Capital Resources for Three Months ended March 31, 2015 compared December 31, 2014

Our cash, current assets, total assets, current liabilities, and total liabilities as of March 31, 2015 compared to December 31, 2014 are as follows:

	March 31, 2015	December 31, 2014	Change
Cash	$ 236,854	$ 389,775	$ (152,921)
Total Current Assets	250,544	401,316	(150,775)
Total Assets	552,219	721,494	(169,275)
Total Current Liabilities	5,159,432	5,242,189	(82,757)
Total Liabilities	$ 5,196,236	$ 5,279,493	$ (83,257)

Our cash balance declined because of operating costs and because we invested $10,000 in participating interest arrangements during the current fiscal year. Our current liabilities increased because we accrued professional fees in connection with bringing our securities filings current.

The current liabilities as of March 31, 2015 consist of accounts payable and accrued expenses in the amount of $2,514,348, notes payable-current portion in the amount of $869,376, $1,470,000 of debt related to a participating interest financing arrangement, ARO liability of $66,630 accrued for estimated well closure costs and a joint venture liability totaling $239,078. These needs have historically been satisfied through proceeds from the sales of our securities and/or issuance of promissory notes. We are expecting to reduce the need for such short term financing as we continue to build our revenues through both acquisitions and organic growth. However, in order to repay our obligations in full or in part when due, we may be required to raise significant working capital from other sources. There is no assurance, however, that we will be successful in these efforts. . (See “Cash Requirements”below).

Cash Requirements

We had cash available of $236,854 as of March 31, 2015. Based upon our revenues, cash on hand and current monthly burn rate, approximately $10,000, excluding professional fees and consultants on an as needed basis, we expect to continue borrowing from our shareholders and other related parties, as well as raising capital from the sales of our securities to fund operations. We anticipate a significant decrease in professional and consulting fees in the immediate future, pursuant to attaining current status with filings and reporting requirements.

Cash Flow From Operating Activities

For the three-month period ended March 31, 2015, net cash used in operating activities was $142,421 compared to $20,750 net cash used in operating activities for the same three-month period ended March 31, 2014.

Cash Flow From Investing Activities

For the three-month period ended March 31, 2015, net cash used in investing activities was $10,000 primarily attributed to the purchase of certain participating interest arrangements. For the three-month period ended March 31, 2014, there was $50,000 used in investing activities associated with the purchase of fixed assets.

Cash Flow From Financing Activities

For the three-month period ended March 31, 2015, net cash used by financing activities was $500 versus net cash used in financing activities of $1,500 for the same period in 2014. Financing activities principally consisted of payments on notes payable.

Going Concern

The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. The Company has incurred cumulative operating losses through March 31, 2015 of $35,258,263 and has a working capital deficit of $4,908,888 at March 31, 2015. Revenues during the year ended December 31, 2014 were not sufficient to cover our operating costs and we continue to generate negative cash flows from operations. There can be no assurance that the Company can or will be able to generate sufficient revenue or complete any debt or equity financing that might be needed to support operations in the future.

The Company's audited consolidated financial statements included in its annual report on Form 10-K for the fiscal year ended December 31, 2014 have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from the public markets and selected other investors sufficient to meet its minimal operating expenses, occasionally seeking additional equity and/or debt financing as warranted by future projects. However Management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. An acceleration of acquisitions or our planned investments in energy properties and continued expansion of our various divisions over the next twelve months may require additional expenditures. Additional financing through partnering, public or private equity financings, lease transactions or other financing sources may not be available on acceptable terms, or at all. Any equity financing could result in significant dilution to our shareholders. The Company continues to analyze its monthly cost structure to reduce the overall cash expenditures until additional capital is raised or cash flows from operations are generated. There can be no assurance that the Company can or will be able to generate sufficient revenue or complete any debt or equity financing that might be needed to support operations in the future.

Impact of Inflation

The impact of inflation on our operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future would not have an adverse impact on our operating results.

Off-Balance Sheet Arrangements

As of March 31, 2015, we had no off-balance sheet arrangements.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates, including those related to uncollectible receivables, inventory valuation, deferred compensation and contingencies. We base our estimates on historical performance and on various other assumptions that we believe to be reasonable under the circumstances. These estimates allow us to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

We believe the following accounting policies are our critical accounting policies because they are important to the portrayal of our financial condition and results of operations and they require critical management judgments and estimates about matters that may be uncertain. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations for future periods could be materially affected.

Revenue Recognition

The Company recognizes virtually all of its income from the from the sale of oil and gas production from the managed energy funds and from investments it makes for its own account. Revenues from the management of energy funds are recognized when the services are performed. Intercompany revenues are eliminated in the consolidation. Revenues from the production of natural gas and oil properties in which the Company have an interest are based on the respective Company’s net working interests. These revenues are recorded when the gas or oil passes to the purchasers.

Accounts Receivable

The majority of the accounts receivable is comprised of oil and gas revenues related to production which took place on or prior to the end of accounting periods, payment for which was not received prior to the end of the year. Accounts receivable include the Company's share of income from the managed energy funds and from investments the Company made on its own behalf.

The Company's receives distributions from the Funds based partially on the amount of its oil and gas revenues, net of lease operating expenses and applicable severance taxes. Part of the management services provided to the Funds by the Company is to review the purchasers credit worthiness prior of all oil and gas purchasers prior to executing division orders for the sale of hydrocarbons. Receivables are generally due in 30 to 60 days. When collections of specific amounts due are no longer reasonably assured, an allowance for doubtful accounts is established.

Oil and Gas Properties

In accordance with Accounting Standards Codification Topic 932, *Extractive Activities – Oil and Gas*, the Company follows the successful efforts method of accounting for its oil and gas activities. Accordingly, the cost associated with developmental oil and gas properties are capitalized and recovered using units of production cost depletion method. Exploratory cost, including the cost of exploratory dry holes and related geological and geophysical cost are charged as current expense. In instances where the status of a well is indeterminable at the end of the year, it is the Company's practice to capitalize these costs as oil and gas properties, until such time as the outcome of drilling becomes known to the Company. Wells cannot remain in a status of indeterminable for a period greater than twelve months.

Impairment of Long Lived Assets and the Disposal of Long Lived Assets

Pursuant to Accounting Standards Codification Topic 932, the Company performs an impairment test (ceiling test) at each reporting date whereby the carrying value of the oil and gas properties is compared to the value of its proved reserves discounted at a ten percent interest rate of future net revenues.

During the three-month period ended March 31, 2015 and 2014 the Company recognized impairment expense of $-0- and $31,768, respectively, relating to our oil and gas reserves

Inflation

Management believes that inflation has not had a material effect on our results of operations.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position or statements.

ITEM 3 -- Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4 -- Controls and Procedures

(a) Evaluation of Disclosure Controls Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Disclosure and control procedures are also designed to ensure that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

As of March 31, 2015, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, management is required to apply its reasonable judgment. We also do not have an audit committee. Based on the evaluation described above, and as a result, in part, of not having an audit committee and having one individual serve as our chief executive officer and chief financial officer has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective.

As funds become available to us, we expect to implement additional measures to improve disclosure controls and procedures.

(b) Changes in internal controls over financial reporting

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

(c) Officer's Certifications

Appearing as an exhibit to this quarterly report on Form 10-Q are "Certifications" of our Chief Executive and Financial Officer. The Certifications are required pursuant to Sections 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This section of the quarterly report on Form 10-Q contains information concerning the Controls Evaluation referred to in the Section 302 Certifications. This information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

II – OTHER INFORMATION

ITEM 1 -- Legal Proceedings

The Company filed a complaint in the United States District Court, Southern District of Ohio, Eastern Division, titled *Capital City Energy Group, Inc., et. al., Plaintiffs, vs Kelley Drye & Warren LLP, et. al., Defendants,* Case No. 2:11-cv-00207 (the "Matter"). The Company settled the Matter with the defendants and a stipulation of dismissal with prejudice was entered by the parties on March 6, 2014. From time to time, the Company may be a party to various legal actions in the normal course of our business. Currently, Management believes that the Company is not party to any litigation that, if adversely determined, would have a material adverse effect on our business, financial condition, result of operations or cash flows.

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 1A -- Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 2 -- Unregistered Sales of Equity Securities and Use of Proceeds

There have been no events that are required to be reported under this Item.

ITEM 3 -- Defaults Upon Senior Securities

There have been no events that are required to be reported under this Item.

ITEM 4 -- Mine Safety Disclosures

There have been no events that are required to be reported under this Item.

ITEM 5 -- Other Information

There have been no events that are required to be reported under this Item.

ITEM 6
-- Exhibits

31.1	Certification of Chief Executive Officer, Principal Executive Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer, Principal Executive Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document

*XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

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

Capital City Energy Group, Inc.

Date: July 14, 2015

By: /s/ Timothy S. Shear

Timothy S. Shear
Principal Executive Officer /Chief Executive Officer