

UNITED STATES BANKRUPTCY COURT

CASE NAME: CDX Gas, LLC
 CASE NUMBER: 08-37922
 PROPOSED PLAN DATE: To be Determined

PETITION DATE: 12/12/2008
 DISTRICT OF TEXAS: Southern
 DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR DECEMBER 2008

MONTH	12/31/08					
REVENUES (MOR-6)	\$ 4,357,627	\$ -	\$ -	\$ -	\$ -	\$ -
INCOME BEFORE INT; DEPREC./TAX (MOR-6)	(1,923,445)	-	-	-	-	-
NET INCOME (LOSS) (MOR-6)	(7,243,258)	-	-	-	-	-
PAYMENTS TO INSIDERS (MOR-9)	43,584	-	-	-	-	-
PAYMENTS TO PROFESSIONALS (MOR-9)	-	-	-	-	-	-
TOTAL DISBURSEMENTS (MOR-8)	(4,718,395)	-	-	-	-	-

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE		EXP. DATE
CASUALTY	YES (X) NO ()	5/15/2009
LIABILITY	YES (X) NO ()	5/15/2009
VEHICLE	YES (X) NO ()	5/15/2009
WORKERS' COMP	YES (X) NO ()	5/15/2009
OTHER	YES (X) NO ()	Various

CIRCLE ONE

Are all accounts receivable being collected within terms? Yes No

Are all post-petition liabilities, including taxes, being paid within terms? Yes No

Have any pre-petition liabilities been paid? Yes No

If so, describe Wage, benefit, tax and royalty obligations per court order.

Are all funds received being deposited into DIP bank accounts? Yes No

Were any assets disposed of outside the normal course of business? Yes No

If so, describe _____

Are all U.S. Trustee Quarterly Fee Payments current? Yes No

What is the status of your Plan of Reorganization? To be Determined

ATTORNEY NAME: Harry A. Perrin
 FIRM NAME: Vinson & Elkins LLP
 ADDRESS: 1001 Fannin Street
Suite 2300
 CITY, STATE, ZIP: Houston, Texas 77002-6760
 TELEPHONE/FAX: (T) 713-758-2222 / (F) 713-758-2346

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED: /s/ ED DONAHUE TITLE: CFO
 (Original Signature)

ED DONAHUE DATE: February 23, 2009
 (Print Name of Signatory)

CASE NAME: CDX Gas, LLC
CASE NUMBER: 08-37922

COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	12/12/08	12/31/08					
CURRENT ASSETS							
Cash	\$ 10,759,525	\$ 8,694,788					
Accounts Receivable, Net	16,898,190	26,599,216					
Inventory: Lower of Cost or Market	-	-					
Prepaid Expenses	5,629,492	4,923,692					
Investments	-	-					
Other (Intercompany Receivables)	392,942,167	391,895,752					
TOTAL CURRENT ASSETS	426,229,374	432,113,448	-	-	-	-	-
PROPERTY, PLANT & EQUIP. @ COST	406,311,145	407,716,463					
Less Accumulated Depreciation	187,507,431	189,130,195					
NET BOOK VALUE OF PP & E	218,803,714	218,586,268	-	-	-	-	-
OTHER ASSETS							
1. Tax Deposits	-	-					
2. Investments in Subsidiaries	342,975,252	342,975,252					
3. Electric Deposit	-	-					
4. Other Assets	21,596,656	20,706,446					
TOTAL ASSETS	\$ 1,009,604,996	\$ 1,014,381,414	\$ -	\$ -	\$ -	\$ -	\$ -

* Per Schedules and Statement of Affairs

CASE NAME: CDX Gas, LLC
CASE NUMBER: 08-37922

COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	12/12/08	12/31/08					
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)	\$ -	\$ 24,154,273					
PRE-PETITION LIABILITIES							
Notes Payable - Secured	504,996,648	504,996,648					
Priority Debt	-	-					
Federal Income Tax	-	-					
FICA/Withholding	12,731	12,731					
Unsecured Debt	239,890,374	226,616,583					
Other (Intercompany Payables)	103,266,287	104,408,189					
TOTAL PRE-PETITION LIABILITIES	848,166,040	836,034,151	-	-	-	-	-
TOTAL LIABILITIES	848,166,040	860,188,424	-	-	-	-	-
OWNER'S EQUITY (DEFICIT)							
Preferred Stock	-	-					
Common Stock	-	-					
Additional Paid-In Capital	500,508,820	500,508,820					
Retained Earnings: Filing Date	(339,069,864)	(339,072,572)					
Retained Earnings: Post Filing Date	-	(7,243,258)					
TOTAL OWNER'S EQUITY (NET WORTH)	161,438,956	154,192,990	-	-	-	-	-
TOTAL LIABILITIES & OWNER'S EQUITY	1,009,604,996	1,014,381,414	-	-	-	-	-

* Per Schedules and Statement of Affairs

MOR-3

Revised 07/01/98

CASE NAME: CDX Gas, LLC
CASE NUMBER: 08-37922

SCHEDULE OF POST-PETITION LIABILITIES

	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH
TRADE ACCOUNTS PAYABLE	\$ 4,425,408					
TAXES PAYABLE:						
Federal Payroll Taxes	-					
State Payroll Taxes	3,742					
Ad Valorem Taxes	-					
Other Taxes (Production Taxes)	581,238					
TOTAL TAXES PAYABLE	584,980	-	-	-	-	-
SECURED DEBT POST-PETITION	13,857,092					
ACCRUED INTEREST PAYABLE	-					
ACCRUED PROFESSIONAL FEES*	520,950					
OTHER ACCRUED LIABILITIES:						
1. Undistributed Gas and Oil Proceeds	2,362,384					
2. Accrued Transportation and Gathering	1,196,657					
3. Accrued Lease Operating Expenses	765,000					
4. Accrued Medical Claims	103,829					
5. Other Accruals	337,973					
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$ 24,154,273	\$ -	\$ -	\$ -	\$ -	\$ -

*Payment requires Court Approval

MOR-4

Revised 07/01/98

CASE NAME: CDX Gas, LLC
CASE NUMBER: 08-37922

**AGING OF POST-PETITION LIABILITIES
MONTH OF DECEMBER 2008**

DAYS	TOTAL	TRADE ACCOUNTS	TAXES	SECURED DEBT	OTHER ACCRUALS	ACCRUED PROFESSIONAL FEES
0-30	\$ 24,154,273	\$ 4,425,408	\$ 584,980	\$ 13,857,092	\$ 4,765,843	\$ 520,950
31-60	-	-	-	-	-	-
61-90	-	-	-	-	-	-
91+	-	-	-	-	-	-
TOTAL	\$ 24,154,273	\$ 4,425,408	\$ 584,980	\$ 13,857,092	\$ 4,765,843	\$ 520,950

AGING OF ACCOUNTS RECEIVABLE

MONTH	12/31/08	JOINT INTEREST	GAS AND OIL SALES			
0-30 DAYS	\$ 23,087,947	\$ 8,145,781	\$ 14,942,166			
31-60 DAYS	1,131,176	1,131,176	-			
61-90 DAYS	723,750	723,750	-			
91+ DAYS	1,656,343	1,656,343	-			
TOTAL	\$ 26,599,216	\$ 11,657,050	\$ 14,942,166	\$ -	\$ -	\$ -

MOR-5

Revised 07/01/98

CASE NAME: CDX Gas, LLC
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STATEMENT OF INCOME (LOSS)

	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	\$ 4,357,627						\$ 4,357,627
TOTAL COST OF REVENUES	-						-
GROSS PROFIT	4,357,627	-	-	-	-	-	4,357,627
OPERATING EXPENSES:							
Selling & Marketing	-						-
General & Administrative	2,493,139						2,493,139
Insiders Compensation	43,584						43,584
Professional Fees	121,711						121,711
Other (Lease Operating Expenses)	2,225,465						2,225,465
Other (Production Taxes)	105,370						105,370
Other (Transportation and Gathering)	1,291,803						1,291,803
TOTAL OPERATING EXPENSES	6,281,072	-	-	-	-	-	6,281,072
INCOME BEFORE INT, DEPR/TAX (MOR-1)	(1,923,445)	-	-	-	-	-	(1,923,445)
INTEREST EXPENSE	1,281,974						1,281,974
DERIVATIVE LOSSES	1,755,281						
DEPRECIATION	2,171,392						2,171,392
OTHER (INCOME) EXPENSE* (Interest Income)	(17,044)						(17,044)
OTHER ITEMS** (Miscellaneous)	128,210						128,210
TOTAL INT, DEPR & OTHER ITEMS	5,319,813	-	-	-	-	-	3,564,532
NET INCOME BEFORE TAXES	(7,243,258)	-	-	-	-	-	(5,487,977)
FEDERAL INCOME TAXES	-						-
NET INCOME (LOSS) (MOR-1)	\$ (7,243,258)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,487,977)

Accrual Accounting Required, Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

MOR-6

Revised 07/01/98

CASE NAME: CDX Gas, LLC
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CASH RECEIPTS AND DISBURSEMENTS	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$ 10,759,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,759,525
RECEIPTS:							
2. CASH SALES	-						-
3. COLLECTION OF ACCOUNTS RECEIVABLE	2,639,282						2,639,282
4. LOANS & ADVANCES (attach list)	-						-
5. SALE OF ASSETS	-						-
6. OTHER (attach list) (Interest Income)	14,376						14,376
TOTAL RECEIPTS**	2,653,658	-	-	-	-	-	2,653,658
(Withdrawal) Contribution by Individual Debtor MFR-2*	-	-	-	-	-	-	-
DISBURSEMENTS:							
7. NET PAYROLL AND GARNISHMENTS	474,540						474,540
8. PAYROLL TAXES PAID	259,048						259,048
9. SALES, USE & OTHER TAXES PAID	369,120						369,120
10. SECURED/RENTAL/LEASES	-						-
11. UTILITIES & TELEPHONE	-						-
12. INSURANCE	-						-
13. INVENTORY PURCHASES	-						-
14. VEHICLE EXPENSES	-						-
15. TRAVEL & ENTERTAINMENT	17,721						17,721
16. REPAIRS, MAINTENANCE & SUPPLIES	-						-
17. ADMINISTRATIVE & SELLING	-						-
18. OTHER (attach list) (From MOR 7B)	3,597,966						3,597,966
TOTAL DISBURSEMENTS FROM OPERATIONS	4,718,395	-	-	-	-	-	4,718,395
19. PROFESSIONAL FEES	-						-
20. U.S. TRUSTEE FEES	-						-
21. OTHER REORGANIZATION EXPENSES (attach list)	-						-
TOTAL DISBURSEMENTS**	4,718,395	-	-	-	-	-	4,718,395
22. NET CASH FLOW	(2,064,737)	-	-	-	-	-	(2,064,737)
23. CASH - END OF MONTH (MOR-2)	\$ 8,694,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,694,788

* Applies to Individual debtors only

**Numbers for the current month should balance (match) RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

CASE NAME: CDX Gas, LLC
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OTHER DISBURSEMENTS (Line 18):	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
Royalties	\$ 1,563,043						\$ 1,563,043
Lease Operating Expenses	621,040						621,040
Medical Claims	111,816						111,816
Interest on First Lien	924,010						924,010
Security Deposits	170,750						170,750
Natural Gas Imbalance	82,856						82,856
401(k) Deposit	57,407						57,407
Bank of Montreal Legal Fees	50,874						50,874
Other General and Administrative	16,170						16,170
TOTAL OTHER DISBURSEMENTS (TO MOR 7A)	\$ 3,597,966						\$ 3,597,966

CASE NAME: CDX Gas, LLC
CASE NUMBER: 08-37922

**CASH ACCOUNT RECONCILIATION
MONTH OF DECEMBER 2008**

BANK NAME						
ACCOUNT NUMBER						
<i>ACCOUNT TYPE</i>						TOTAL
BANK BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,842,269
DEPOSITS IN TRANSIT						-
OUTSTANDING CHECKS						(1,147,481)
ADJUSTED BANK BALANCE	-	-	-	-	-	8,694,788
BEGINNING CASH - PER BOOKS						10,759,525
RECEIPTS*						2,653,658
TRANSFERS BETWEEN ACCOUNTS						-
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2	-					-
CHECKS/OTHER DISBURSEMENTS*						(4,718,395)
ENDING CASH - PER BOOKS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,694,788

*Numbers should balance (match) TOTAL RECEIPTS and TOTAL DISBURSEMENTS lines on MOR-7

MOR-8A

Revised 07/01/98

CASE NAME: CDX Gas, LLC
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**CASH ACCOUNT RECONCILIATION
MONTH OF DECEMBER 2008**

BANK NAME	Harris Bank	Amegy Bank	Harris Bank	Amegy Bank	Various
ACCOUNT NUMBER	# 2039527	# 305928	# 2039543	# 3681815	Various
ACCOUNT TYPE	<i>OPERATING</i>	<i>OPERATING</i>	<i>REVENUE</i>	<i>PAYROLL</i>	<i>OTHER FUNDS</i>
BANK BALANCE	\$ 6,980,489	\$ 303,759	\$ 2,516,719	\$ -	\$ 41,302
DEPOSITS IN TRANSIT	-	-	-	-	-
OUTSTANDING CHECKS	(724,806)	-	(422,341)	(334)	-
ADJUSTED BANK BALANCE	\$ 6,255,683	\$ 303,759	\$ 2,094,378	\$ (334)	\$ 41,302
BEGINNING CASH - PER BOOKS	\$ 6,648,592	\$ 837,496	\$ 3,230,180	\$ -	\$ 43,257
RECEIPTS*	2,447,746	205,912	-	-	-
TRANSFERS BETWEEN ACCOUNTS	-	(738,716)	-	738,716	-
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2	-	-	-	-	-
CHECKS/OTHER DISBURSEMENTS*	(2,840,655)	(933)	(1,135,802)	(739,050)	(1,955)
ENDING CASH - PER BOOKS	\$ 6,255,683	\$ 303,759	\$ 2,094,378	\$ (334)	\$ 41,302

*Numbers should balance (match) TOTAL RECEIPTS and TOTAL DISBURSEMENTS lines on MOR-7

MOR-8B

Revised 07/01/98

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH
1. Robert McBride (Salary)	\$ 19,792					
2. Ed Donahue (Salary)	11,167					
3. Michael McCown (Salary)	12,625					
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$ 43,584	\$ -	\$ -	\$ -	\$ -	\$ -

PROFESSIONALS	MONTH 12/31/08	MONTH	MONTH	MONTH	MONTH	MONTH
1. None	\$ -					
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -