

MOR-1

CASE NAME: GOLDKING HOLDINGS, LLC, et. AL., Debtors
 CASE NUMBER: 13-37200 (BLS)
 PROPOSED PLAN DATE: See Narrative attached

UNITED STATES BANKRUPTCY COURT

PETITION DATE: 10/30/13
 DISTRICT OF TEXAS: Southern
 DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR MONTH

July 31, YEAR 2014

MONTH	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14				
REVENUES (MOR-6)	696,081	752,465	680,182	724,818	676,802	522,197	754,136	713,400	621,715	0	0	0	0
INCOME BEFORE INT. DEPREC. TAX (MOR-6)	-322,525	-624,841	-800,508	-302,177	5,626	-417,019	102,030	-167,290	-192,061	0	0	0	0
NET INCOME (LOSS) (MOR-6)	-828,267	-1,119,886	-1,344,762	-746,312	-436,565	-850,582	-457,391	-681,594	-740,386	0	0	0	0
PAYMENTS TO INSIDERS (MOR-9)	31,986	32,021	40,895	21,078	20,653	23,778	20,653	21,819	21,580	0	0	0	0
PAYMENTS TO PROFESSIONALS (MOR-9)	0	170,185	117,120	542,414	153,434	421,082	419,556	260,632	326,979	0	0	0	0
TOTAL DISBURSEMENTS (MOR-8)	1,441,612	1,361,215	1,463,626	2,105,229	1,136,787	1,219,025	1,625,496	1,258,259	1,358,983	0	0	0	0

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 ()	8/28/2014
LIABILITY	YES (x) NO ()	8/28/2014
VEHICLE	YES (x) NO ()	3/16/2015
WORKERS	YES (x) NO ()	8/28/2014
DIRECTORS AND OFFICERS	YES (x) NO ()	6/30/2015
OTHER	YES (x) NO ()	8/28/2014

INDICATE ONE

Are all accounts receivable being collected within terms? (See Narrative note) 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: See Narrative attached

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? See Narrative attached

ATTORNEY NAME: Patrick L. Hughes
 FIRM NAME: Haynes and Boone, LLP
 ADDRESS: 1221 McKinney Street
Suite 2100
 CITY, STATE, ZIP: Houston, TX 77010
 TELEPHONE/FAX: (t) 713.547.2224 (f) 713.236.5449

MOR-1

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 Ken Cleveland TITLE: Controller
 (ORIGINAL SIGNATURE) DATE: 8/20/14
 (PRINT NAME OF SIGNATORY)

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors

CASE NUMBER: 13-37200 (BLS)

COMPARATIVE BALANCE SHEETS

ASSETS	10/30/13 *	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH
CURRENT ASSETS											
Cash	69,616	1,598,160	1,320,592	1,189,502	669,257	700,709	693,813	868,052	832,119	612,437	
Accounts Receivable, Net (see Narrative)	2,624,000	1,613,240	1,878,286	1,622,594	1,591,508	1,533,074	1,430,760	1,690,742	1,543,803	1,504,582	
Inventory: Lower of Cost or Market	456,017	429,162	223,392	263,853	305,927	246,200	270,334	336,971	379,789	371,561	
Security deposits and Prepaid Expenses	536,828	566,629	560,703	633,441	578,444	551,370	524,295	497,221	470,147	443,073	
Investments											
Other	98,305	121	597	597	597	597	597	597	597	597	
TOTAL CURRENT ASSETS	3,784,765	4,207,311	3,983,569	3,709,987	3,145,733	3,031,950	2,919,799	3,393,583	3,226,455	2,932,250	0
PROPERTY, PLANT & EQUIP. @ COST	77,904,821	78,951,454	78,951,454	79,079,754	79,079,754	79,079,754	79,147,834	79,187,334	79,187,334	79,187,334	
Less Accumulated Depreciation and Depl.	20,183,077	20,981,234	21,280,506	21,566,277	21,806,048	22,021,819	22,227,591	22,548,362	22,822,133	23,116,904	
NET BOOK VALUE OF PP & E	57,721,744	57,970,219	57,670,948	57,513,477	57,273,706	57,057,935	56,920,243	56,638,972	56,365,201	56,070,430	0
OTHER ASSETS											
1. Tax Deposits											
2. Investments in Subsidiaries											
3. Electric Deposit											
4. Deposit - Minerals Management Service											
5. Loan origination costs, net											
6. Commodity hedge instruments at fair value	192,156	32,011	32,011	32,011	32,011	32,011	0	0	0	0	
7. Restricted cash											
TOTAL ASSETS	\$61,698,665	\$62,209,542	\$61,686,528	\$61,255,475	\$60,451,450	\$60,121,896	\$59,840,042	\$60,032,555	\$59,591,656	\$59,002,680	\$0

* Per Schedules and Statement of Affairs

MOR-2

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors
 CASE NUMBER: 13-37200 (BLS)

COMPARATIVE BALANCE SHEETS

	10/30/13 *	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH
LIABILITIES & OWNER'S EQUITY											
LIABILITIES											
POST-PETITION LIABILITIES (MOR-4)	0	2,522,096	3,587,667	4,232,404	4,142,791	4,098,466	4,481,449	4,974,197	5,063,021	5,051,628	
PRE-PETITION LIABILITIES											
Notes Payable - Secured	11,446,315	11,446,312	11,446,312	11,879,079	11,879,079	11,879,079	12,318,443	12,318,443	12,318,443	12,779,119	
Secured claims	2,000,122	907,846	444,264	444,264	444,264	444,264	459,473	459,473	459,473	459,473	
Priority Debt	269,939										
Interest Payable (See Narrative)	141,119	286,942	432,765	151,336	288,027	439,363	151,871	308,805	460,676	162,802	
FICA/Withholding											
Unsecured Debt	2,094,979	2,128,421	1,977,481	2,095,114	1,990,323	1,990,323	2,008,989	2,009,211	2,009,211	2,009,211	
Other - asset retirement obligation	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	4,815,792	
TOTAL PRE-PETITION LIABILITIES (See Narrative)	20,768,265	19,585,312	19,116,614	19,385,586	19,417,485	19,568,821	19,754,568	19,911,723	20,063,594	20,226,397	0
TOTAL LIABILITIES	20,768,265	22,107,409	22,704,281	23,617,990	23,560,277	23,667,287	24,236,016	24,885,921	25,126,615	25,278,025	0
OWNER'S EQUITY (DEFICIT)											
PREFERRED STOCK											
COMMON STOCK											
OWNERS' EQUITY	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	74,834,365	
RETAINED EARNINGS: Filing Date	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	-33,903,965	
RETAINED EARNINGS: Post Filing Date		-828,267	-1,948,153	-3,292,915	-4,039,227	-4,475,792	-5,326,374	-5,783,766	-6,465,359	-7,205,746	
TOTAL OWNER'S EQUITY (NET WORTH)	40,930,400	40,102,133	38,982,247	37,637,485	36,891,173	36,454,608	35,604,026	35,146,635	34,465,041	33,724,655	0
TOTAL LIABILITIES & OWNER'S EQUITY	\$61,698,665	\$62,209,542	\$61,686,528	\$61,255,475	\$60,451,450	\$60,121,896	\$59,840,042	\$60,032,555	\$59,591,656	\$59,002,680	\$0

* Per Schedules and Statement of Affairs

MOR-3

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors

CASE NUMBER: 13-37200 (BLS)

SCHEDULE OF POST-PETITION LIABILITIES

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH
TRADE ACCOUNTS PAYABLE	387,767	604,723	743,297	461,700	512,453	1,005,117	385,103	389,401	247,739	
TAX PAYABLE										
Federal Payroll Taxes										
State Payroll Taxes										
Ad Valorem Taxes	33,198									
Other Taxes		21,193	17,051	17,186	14,924	18,614	13,060	17,434	18,565	
TOTAL TAXES PAYABLE	33,198	21,193	17,051	17,186	14,924	18,614	13,060	17,434	18,565	0
DIP FACILITY POST-PETITION	1,500,000	1,500,000	1,537,603	2,037,603	2,037,603	2,102,487	3,102,487	3,102,487	3,198,785	
ACCRUED INTEREST PAYABLE (See Narrative)	0	0	19,589	37,282	64,884	25,921	57,638	96,298	40,752	
ACCRUED PROFESSIONAL FEES*	300,000	600,000	900,000	500,000	500,000	300,000	300,000	300,000	300,000	
OTHER ACCRUED LIABILITIES										
1. Lease operating expense & well costs	128,653	215,462	257,451	348,477	198,930	175,804	268,163	267,090	213,172	
2. Accrued Revenue Payables (See Narrative)		427,576	492,466	429,361	412,254	449,853	397,859	394,189	490,258	
3. ARO accrued (See Narrative)	50,000	100,000	150,000	200,000	250,000	300,000	350,000	400,000	450,000	
4 Deferred rent	122,479	118,714	114,948	111,183	107,418	103,653	99,887	96,122	92,357	
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$2,522,096	\$3,587,667	\$4,232,404	\$4,142,791	\$4,098,466	\$4,481,449	\$4,974,197	\$5,063,021	\$5,051,628	\$0

*Payment requires Court Approval

MOR-4

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. AL., Debtors
 CASE NUMBER: 13-37200 (BLS)

AGING OF POST-PETITION LIABILITIES
MONTH **Jul-14**

DAYS	TOTAL	TRADE ACCOUNTS	ACCRUALS	STATE TAXES	AD VALOREM, OTHER TAXES	OTHER
0-30	4,872,149	68,260	1,494,182	18,565	0	3,291,142
31-60	9,779	9,779				
61-90	28,155	28,155				
91+	141,546	141,546				
TOTAL	\$5,051,628	\$247,739	\$1,494,182	\$18,565	\$0	\$3,291,142

AGING OF ACCOUNTS RECEIVABLE * \$0

MONTH	Accrued Receivables	JIB receivable	Other Receivable			Total
0-30 DAYS	840,758	-2,500	8,348			846,605
31-60 DAYS		45,484	8,506			53,990
61-90 DAYS		9,943	8,277			18,220
91+ DAYS *		550,090	35,677			585,767
TOTAL	\$840,758	\$603,017	\$60,807	\$0	\$0	\$1,504,582

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Revised 07/01/98

* See Narrative Note

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors
 CASE NUMBER: 13-37200 (BLS)

STATEMENT OF INCOME (LOSS)

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH	FILING TO DATE
REVENUES (MOR-1)	696,081	752,465	680,182	724,818	676,802	522,197	754,136	713,400	621,715		6,141,796
TOTAL COST OF REVENUES	38,600	45,420	35,491	35,805	37,263	26,032	39,355	35,793	28,688		322,449
GROSS PROFIT	657,481	707,044	644,690	689,013	639,539	496,166	714,781	677,607	593,026	0	5,819,347
OPERATING EXPENSES:											
Selling & Marketing											0
General & Administrative (See Narrative)	123,941	218,743	160,875	155,457	140,611	212,399	114,247	179,976	185,911		1,492,159
Insiders Compensation	31,500	31,500	69,935	31,500	31,500	31,500	31,500	31,500	31,500		321,935
Professional Fees	497,503	327,066	358,963	440,041	114,414	348,083	41,766	320,031	250,950		2,698,818
Lease operating expenses	298,817	287,648	312,987	313,234	239,276	229,853	267,437	226,909	266,282		2,442,442
Ad valorem taxes	27,041	24,032	0	0	0	0	0	0	0		51,073
Workover expenses	1,204	5,771	2,465	0	2,119	73,546	26,169	86,481	48,845		246,599
Exploration expenses	0	0	195,580	365	1,300	0	120,075	0	1,600		318,920
Plugging & abandonment provision	-	437,125	344,393	50,593	104,693	17,805	11,558	0	0		966,166
TOTAL OPERATING EXPENSES	980,006	1,331,886	1,445,198	991,190	633,913	913,185	612,751	844,898	785,087	0	8,538,113
INCOME BEFORE INT, DEPR/TAX (MOR-1)	-322,525	-624,841	-800,508	-302,177	5,626	-417,019	102,030	-167,290	-192,061	0	-2,718,766
INTEREST EXPENSE	145,767	145,774	208,483	154,364	178,920	177,792	188,650	190,532	203,554		1,593,835
DEPRECIATION, DEPLETION & AMORTIZATION	365,671	349,271	335,771	289,771	265,771	255,771	370,771	323,771	344,771		2,901,341
OTHER (INCOME) EXPENSE* (See Narrative)	-5,696	0	0	0	0	0	0	0	0		-5,696
OTHER ITEMS**					-2,500	0	0	0	0		-2,500
TOTAL INT, DEPR & OTHER ITEMS	505,742	495,045	544,254	444,135	442,191	433,564	559,421	514,303	548,325	0	4,486,980
NET INCOME BEFORE TAXES	-828,267	-1,119,886	-1,344,762	-746,312	-436,565	-850,582	-457,391	-681,594	-740,386	0	-7,205,746
FEDERAL INCOME TAXES											0
NET INCOME (LOSS) (MOR-1)	(\$828,267)	(\$1,119,886)	(\$1,344,762)	(\$746,312)	(\$436,565)	(\$850,582)	(\$457,391)	(\$681,594)	(\$740,386)	\$0	(\$7,205,746)

Accrual Accounting Required, Otherwise Footnote with Explanation.

* See Narrative.

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

MOR-6

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors

CASE NUMBER: 13-37200 (BLS)

CASH RECEIPTS AND DISBURSEMENTS	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$69,616	\$1,598,160	\$1,320,592	\$1,189,502	\$669,257	\$700,709	\$693,813	\$868,052	\$832,119	\$0	\$69,616
RECEIPTS:											
2. CASH SALES	0	0	0	0	0	0	0	0	0		0
3. COLLECTION OF ACCOUNTS RECEIVABLE	1,469,525	1,083,598	1,332,489	1,084,965	1,165,720	1,208,821	799,735	1,222,326	1,138,346		10,505,525
4. LOANS & ADVANCES (See Narrative)	1,500,000	0	0	500,000	0	0	1,000,000	0	0		3,000,000
5. SALE OF ASSETS	0	0	0	0	2,500	0	0	0	0		2,500
6. OTHER	631	49	48	20	19	3,308	0	0	955		5,030
TOTAL RECEIPTS**	2,970,156	1,083,647	1,332,536	1,584,985	1,168,239	1,212,129	1,799,735	1,222,326	1,139,300	0	13,513,054
(Withdrawal) Contribution by Individual Debtor MFR-2*											0
DISBURSEMENTS:											
7. NET PAYROLL	80,730	153,278	127,083	71,880	75,012	71,770	60,883	53,756	58,076		752,468
8. ROYALTY AND WORKING INTEREST PAYABLES	413,072	449,323	356,362	416,543	358,522	382,358	403,172	356,608	337,776		3,473,735
9. TAXES	22,852	19,986	21,070	17,281	17,239	15,745	18,823	13,159	18,917		165,074
10. SECURED/RENTAL/LEASES	0	0	0	0	0	0	0	0	0		0
11. UTILITIES & TELEPHONE	1,368	5,319	2,737	6,951	7,005	4,393	7,744	2,845	2,466		40,827
12. INSURANCE	71,153	19,531	13,993	181,382	30,847	562	13,724	59,260	12,103		402,555
13. ACCOUNTS PAYABLE	28,752	380,999	673,981	864,783	422,393	305,831	539,784	509,845	587,992		4,314,361
14. PRE-PETITION PAYMENTS (See Narrative Note)	817,018	159,566	7,389	0	0	0	0	0	0		983,973
15. TRAVEL & ENTERTAINMENT	5,905	2,197	4,694	3,211	3,359	5,454	1,425	1,223	2,745		30,213
16. LEASE RENTAL PAYMENTS	0	0	128,000	0	68,080	0	39,500	0	0		235,580
17. ADMINISTRATIVE & SELLING	761	831	797	784	896	781	810	932	879		7,470
18. OTHER (See Narrative Note)	0	0	0	0	0	0	120,075	0	0		120,075
TOTAL DISBURSEMENTS FROM OPERATIONS	1,441,612	1,191,030	1,336,106	1,562,816	983,354	786,894	1,205,940	997,627	1,020,954	0	10,526,331
19. PROFESSIONAL FEES	0	170,185	117,120	542,414	153,434	421,082	419,556	260,632	326,979		2,411,402
20. U.S. TRUSTEE FEES	0	0	10,400	0	0	11,050	0	0	11,050		32,500
21. OTHER REORGANIZATION EXPENSES (attach list)											0
TOTAL DISBURSEMENTS**	1,441,612	1,361,215	1,463,626	2,105,229	1,136,787	1,219,025	1,625,496	1,258,259	1,358,983	0	12,970,233
22. NET CASH FLOW	1,528,545	-277,568	-131,090	-520,245	31,452	-6,896	174,239	-35,933	-219,682	0	542,821
23. CASH - END OF MONTH (MOR-2)	\$1,598,160	\$1,320,592	\$1,189,502	\$669,257	\$700,709	\$693,813	\$868,052	\$832,119	\$612,437	\$0	\$612,437

* Applies to Individual debtors only

**Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

MOR-7

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors
CASE NUMBER: 13-37200 (BLS)

CASH ACCOUNT RECONCILIATION
MONTH OF **Jul-14**

BANK NAME					
ACCOUNT NUMBER					
<i>ACCOUNT TYPE</i>	<i>OPERATING</i>	<i>ROYALTY A/P</i>	<i>CONCENTRATION</i>	<i>AND OTHER</i>	<i>TOTAL</i>
BANK BALANCE	237,176	58,121	517,093	13,344	825,735
DEPOSITS IN TRANSIT					0
OUTSTANDING CHECKS	155,992	57,306			213,298
ADJUSTED BANK BALANCE	81,184	815	517,093	13,344	612,436
BEGINNING CASH - PER BOOKS	63,787	790	754,178	13,364	832,119
RECEIPTS*	0		1,139,300	0	1,139,300
TRANSFERS BETWEEN ACCOUNTS (WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2	1,100,000	275,526	-1,375,526	0	0
CHECKS/OTHER DISBURSEMENTS*	1,082,603	275,501	859	20	1,358,983
ENDING CASH - PER BOOKS	\$81,185	\$815	\$517,093	\$13,344	\$612,437

MOR-8

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors

CASE NUMBER: 13-37200 (BLS)

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	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH
1. Eddie Herbert - Travel and Entertainment	486	521	501							
2. James Anhauser Payroll net	15,667	15,667	26,056	8,827	9,673	9,673	9,673	10,135	10,600	
3. Eddie Hebert Payroll net	15,833	15,833	13,224	10,980	10,980	10,980	10,980	10,980	10,980	
4. James Anhauser - Travel and Entertainment			1,114	1,271		3,124		704		
5.										
6.										
TOTAL INSIDERS (MOR-1)	\$31,986	\$32,021	\$40,895	\$21,078	\$20,653	\$23,778	\$20,653	\$21,819	\$21,580	\$0

PROFESSIONALS	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	MONTH
None										
1. RICHARDS LAYTON & FINGER		170,185	8,620	885						
2. E-SPECTRUM ADVISORS, LLC			100,000							
3. LANTANA OIL & GAS PARTNERS			8,500							
4. EPIQ BANKRUPTCY SOLUTIONS LLC				24,678	46,438			49,385		
5. PORTER HEDGES LLP				108,337	106,996		52,769	25,545		
6. HAYNES AND BOONE LLP				270,008		365,352	121,541	126,727	235,655	
7. YOUNG CONAWAY STARGATT & TAYLOR, LLP				138,507		55,730				
8. ALVAREZ & MARSAL							3,010			
9. GIBBS & BRUNS, LLP							234,132	52,575	66,418	
10. OKIN & ADAMS LLC							8,104	6,400	11,655	
11. EQUIVALENT DATA									13,251	
TOTAL PROFESSIONALS (MOR-1)	\$0	\$170,185	\$117,120	\$542,414	\$153,434	\$421,082	\$419,556	\$260,632	\$326,979	\$0

MOR-9

Revised 07/01/98

CASE NAME: GOLDKING HOLDINGS, LLC, et. Al., Debtors
CASE NUMBER: 13-37200 (BLS)

Narrative (Form 2-F)
 For the period 7/1 to 7/31, 2014

This Consolidated Monthly Operating Report (MOR) includes the operating results of the following three (3) debtors:

Goldking Holdings, LLC Case Number 13-37200
 Goldking Onshore Operating, LLC Case Number 13-37201
 Goldking Resources, LLC Case Number 13-37202

The Debtor's Plan of Reorganization was confirmed on August 18, 2014.

The Debtor accrues Revenue on a net basis. As a result of using this method of accounting, no purchaser receivable or corresponding revenue payable is recorded for the accrual month. As a result of the Company filing for Chapter 11 bankruptcy, petition date revenue and volumes payables were not accrued and were recorded on final delivered volumes basis. In addition, the Debtor has significant overdue accounts receivable amounts due from other Working Interest owners. We are receiving legal counsel on how best to collect these overdue funds.

On November 1, 2013, the Debtor received its first draw on its Debtor in Possession (DIP) funding of \$1,500,000. On January 1, 2014, the Company capitalized approximately \$470,000 of Paid In Kind (PIK) interest on its outstanding debt during the 4th Quarter of 2013. On February 22, 2014, the Company drew on its DIP financing agreement for an additional \$500,000. On April 1, 2014, the Company capitalized approximately \$504,000 of Paid in Kind (PIK) interest on its outstanding debt during the 1st Quarter of 2014. On May 19, 2014, the Company drew on its DIP financing an additional \$1,000,000. On July 1, 2014, the Company capitalized approximately \$557,000 of Paid in Kind (PIK) interest on its outstanding debt during the 2nd Quarter of 2014. As a result of the above transactions, the available DIP financing as of July 31, 2014 is approximately \$1,122,000.

The majority of the court approved pre-petition payments are as follows:

Critical Vendor payments made in November 2013 (See November MOR)	817,017.76
Critical Vendor payments made in December 2013 (See December MOR)	159,566.28
Critical Vendor payments made in January 2014 (See January MOR)	7,389.13
Critical Vendor payments made in February 2014 (See February MOR)	-
Critical Vendor payments made in March 2014 (See March MOR)	-
Critical Vendor payments made in April 2014 (See April MOR)	-
Critical Vendor payments made in May 2014 (See May MOR)	-
Critical Vendor payments made in June 2014 (See June MOR)	-
Critical Vendor payments Current Month	-
Total Critical Vendor Payments as of 7/31/2014	<u>\$ 983,973.17</u>

In addition to the above payments, all remaining pre-petition royalty and working interest non suspense owners, \$929,403, were paid for production occurring prior to October 30, 2013 as approved by the Bankruptcy court.

Other (Income) Expense (MOR-6) is income or loss from Hedging activities. All hedging contracts and commitments were terminated in as of November 30, 2013.

Other Items (MOR-6) represent the sale of P&A surplus items at Kent Bayou.

Other Items listed under disbursements in May (MOR-7) was a payment for approximately 5 square miles of seismic data.

The Debtor paid a \$200,000 retainer to its bankruptcy legal counsel in October 2013. A portion this retainer was used in February 2014 to pay post-petition legal invoices.

As a result of not preparing an independent reserve report at year end, depletion, amortization and asset retirement obligations are estimates using prior reserve reports.