

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

Case No. 15-12566  
Jointly Administered

In re: New Gulf Resources, LLC

Reporting Period: December 2015

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1			Exhibit A-1 and Exhibit A-2
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			Certification Attached/Exhibit B
Schedule of Professional Fees Paid	MOR-1b	N/A		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2			Exhibit C
Balance Sheet	MOR-3			Exhibit D
Status of Postpetition Taxes	MOR-4			Certification Attached
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	Yes		
Listing of aged accounts payable	MOR-4	Yes		
Accounts Receivable Reconciliation and Aging	MOR-5	Yes		
Debtor Questionnaire	MOR-5	Yes		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

  
Signature of Authorized Individual\*

1-29-16  
Date

Danni Morris  
Printed Name of Authorized Individual

Chief Financial Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

NEW GULF RESOURCES, LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 15-12566

Jointly Administered

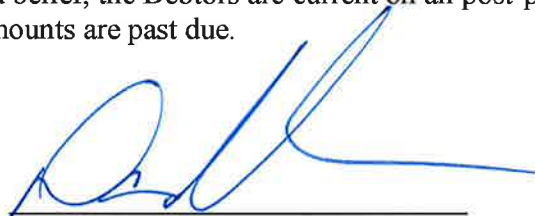
**CERTIFICATION REGARDING POST-PETITION BANK  
ACCOUNT RECONCILIATIONS AND COMPLIANCE  
AND PAYMENT OF POST-PETITION TAXES**

I, Danni Morris, Chief Financial Officer, of New Gulf Resources, LLC and its affiliated debtors and debtors in possession (collectively, the "Debtors"), hereby certify as follows:

1. Attached to MOR-1 is a listing of the Debtors' bank accounts, by account number, and the opening and closing balances for the reported period. Such accounts were reconciled in accordance with the Debtors' ordinary course accounting practices during the reported period.
2. To the best of my knowledge and belief, the Debtors are current on all post-petition taxes, and no post-petition tax amounts are past due.

Dated: \_\_\_\_\_

1-29-16



\_\_\_\_\_  
Danni Morris  
Chief Financial Officer

<sup>1</sup> The Debtor entities in this case are: New Gulf Resources, LLC, NGR Texas, LLC, NGR Finance, LLC, and NGR Holdings, LLC. The Debtors' mailing address is 10441 S. Regal Blvd, Suite 210 Tulsa, OK 74133.

**New Gulf Resources, LLC, et al.,****Exhibit A-1 - Schedule of Cash Receipts and Disbursements (December 17-December 31, 2015)**

\$ in thousands

	December	
	<i>Actual</i>	<i>DIP Budget</i>
Week Beginning	17-Dec-15	17-Dec-15
Week Ending	31-Dec-15	31-Dec-15
<b>Receipts</b>		
Production Receipts	3,661.6	4,149.6
Royalty Payments	(1,146.5)	(1,315.7)
<b>Total Net Production Receipts</b>	<b>2,515.0</b>	<b>2,833.9</b>
Derivative Settlements	1,060.4	1,060.4
Release of Well Connects	-	-
<b>TOTAL NET RECEIPTS</b>	<b>3,575.4</b>	<b>3,894.3</b>
<b>DISBURSEMENTS</b>		
<i>Operating Disbursements</i>		
Operating Expenses	(310.4)	(194.5)
Capital Investment / Infrastructure	(1,243.3)	(433.4)
Leasehold - Extension / Acquisitions and Other	(258.5)	(1,236.5)
<b>Sub-Total Operating Disbursements</b>	<b>(1,812.2)</b>	<b>(1,864.3)</b>
<i>General &amp; Administrative</i>		
Payroll	(252.1)	(253.1)
Other G&A	(5.6)	(218.0)
<b>Sub-Total G&amp;A Disbursements</b>	<b>(257.7)</b>	<b>(471.1)</b>
<b>TOTAL DISBURSEMENTS</b>	<b>(2,069.9)</b>	<b>(2,335.4)</b>
<b>OPERATING CASH FLOW</b>	<b>1,505.6</b>	<b>1,558.9</b>
<b>Restructuring and Other One-Time</b>		
Professional Fees - Debtor	-	-
Professional Fees - 2nd Lien	-	-
Professional Fees - Subordinated Notes	-	-
Professional Fees - UCC / Trade Credit	-	-
DIP Loan Fees and Upfronts	(2,250.0)	(2,250.0)
Utility Deposits	-	(15.0)
US Trustee Fees	-	-
Other	(100.0)	-
<b>TOTAL RESTRUCTURING</b>	<b>(2,350.0)</b>	<b>(2,265.0)</b>
<b>Interest Payments</b>		
Mid-First RBL Interest	(115.0)	(51.3)
DIP Term Loan Interest	-	-
<b>TOTAL DEBT SERVICE</b>	<b>(115.0)</b>	<b>(51.3)</b>
<b>NET CASH FLOW</b>	<b>(959.4)</b>	<b>(757.4)</b>
<b>Balances and Liquidity</b>		
Net Cash Flow	(959.4)	(757.4)
RBL Draw / (Paydown)	(38,436.1)	(37,900.0)
DIP Term Loan Draw	54,795.0	55,000.0
RBL Availability (\$38 million)	-	-
Cash Balance	17,576.8	18,519.9
<b>Ending Liquidity</b>	<b>17,576.8</b>	<b>18,519.9</b>

Note 1: All activity flows through New Gulf Resources, LLC. See Exhibit A-2 for disbursements allocated by entity

**New Gulf Resources, LLC, et al.****Exhibit A-2 - Cash Disbursements Allocated by Entity (December 17-December 31, 2015)***\$ in thousands*

	NGR FINANCE, LLC	NGR TEXAS, LLC	NEW GULF RESOURCES, LLC	NGR HOLDINGS, LLC	TOTAL
<b>DISBURSEMENTS<sup>1</sup></b>					
<b>Royalty Payments</b>					
Royalty Payments	-	114.7	1,031.9	-	<b>1,146.5</b>
<b>TOTAL ROYALTY PAYMENTS</b>	-	<b>114.7</b>	<b>1,031.9</b>	-	<b>1,146.5</b>
<b>Operating Disbursements</b>					
Operating Expenses	-	31.0	279.3	-	310.4
Capital Investment / Infrastructure	-	-	1,243.3	-	1,243.3
Leasehold - Extension / Acquisitions and Other	-	-	258.5	-	258.5
<b>General &amp; Administrative</b>					
Payroll	-	-	252.1	-	252.1
Other G&A	-	-	5.6	-	5.6
<b>TOTAL OPERATING AND G&amp;A DISBURSEMENTS</b>	-	<b>31.0</b>	<b>2,038.8</b>	-	<b>2,069.9</b>
<b>Restructuring and Other One-Time</b>					
Professional Fees - Debtor	-	-	-	-	-
Professional Fees - 2nd Lien <sup>2</sup>	-	30.1	271.0	-	301.1
Professional Fees - Subordinated Notes	-	-	-	-	-
Professional Fees - UCC / Trade Credit	-	-	-	-	-
Surety Bond Collateral	-	-	-	-	-
DIP Loan Fees and Upfronts	-	225.0	2,025.0	-	2,250.0
Utility Deposits	-	-	-	-	-
US Trustee Fees	-	-	-	-	-
Other <sup>2</sup>	-	-	-	-	-
<b>TOTAL RESTRUCTURING AND OTHER ONE-TIME</b>	-	<b>255.1</b>	<b>2,296.0</b>	-	<b>2,551.1</b>
<b>1st Lien Debt Service / Bank Fees</b>					
Interest & Fees <sup>3</sup>	-	20.0	180.0	-	200.0
Debt Repayment <sup>4</sup>	-	3,790.0	34,110.0	-	37,900.0
<b>TOTAL 1ST LIEN DEBT SERVICE / BANK FEES</b>	-	<b>3,810.0</b>	<b>34,290.0</b>	-	<b>38,100.0</b>
<b>TOTAL DISBURSEMENTS</b>	-	<b>4,210.8</b>	<b>39,656.7</b>	-	<b>43,867.5</b>

Note 1: All activity related to Capital Investment and Leasehold captured at New Gulf Resources, LLC. While all disbursements are made by New Gulf Resources, LLC, 10% of the disbursements were allocated to NGR Texas, LLC given that approximately 10% of the assets reside in that legal entity.

Note 2: Amounts netted from DIP proceeds associated with 2nd Lien and DIP Agent advisors; \$100K placed in separate Debtor account as collateral for credit card excluded

Note 3: Amounts netted from DIP proceeds associated with Prepetition First Lien Obligations interest and advisors fees

Note 4: Under and upon entry of the Interim DIP Order on December 18, 2015, the Debtors' Prepetition First Lien Obligations were paid in full

**New Gulf Resources, LLC, et al.****Exhibit B - Bank Account #'s and Balances at New Gulf Resources, LLC**

<b>Debtor Name</b>	<b>Bank</b>	<b>Account Number (Last 4 Digits)</b>	<b>Account Description</b>	<b>Beginning Balance December 17, 2015</b>	<b>Ending Balance December 31, 2015</b>
New Gulf Resources, LLC	US Bank	5000	Litigation escrow for existing ENXP litigation, account was established according to the terms of the Purchase and Sale Agreement	\$ 6,000,710	\$ 6,000,911
New Gulf Resources, LLC	US Bank	5001	Escrowed well connection funds, decreased by \$1M each time a well is connected, established according to the terms of the Purchase and Sale Agreement	\$ 7,001,291	\$ 6,001,551
New Gulf Resources, LLC	US Bank	5547	Escrow account opened for funding of DIP facility, opened 12/21/2015 and funded with two deposits totalling \$14,170,789.07 on 12/22/2015	\$ -	\$ 2,000,000
New Gulf Resources, LLC	MidFirst Bank	5139	Escrow account for utility payments opened on 12/31/2015	\$ -	\$ 13,000
New Gulf Resources, LLC	MidFirst Bank	5112	Escrow account for credit card deposits opened on 12/31/2015	\$ -	\$ 100,000
New Gulf Resources, LLC	MidFirst Bank	5120	Escrow account for adequate protection payments opened on 12/31/2015	\$ -	\$ 150,000
New Gulf Resources, LLC	MidFirst Bank	2193	Secondary operating account, receives funds from Credit Agreement and hedge settlements, pays interest and fees related to Credit Agreement	\$ 1,272,387	\$ 4,527,225
New Gulf Resources, LLC	JP Morgan Chase Bank	1706	Operating account shared by all Debtors, receives operating income and pays operating expenses	\$ 1,411,821	\$ 7,647,802
NGR Texas, LLC	Commerce Bank	2382	Statutorily required for operation of Oil & Gas properties in Texas; TX Railroad Commission – Operator’s License	\$ 25,566	\$ 25,566
NGR Texas, LLC	Commerce Bank	2374	Statutorily required for operation of Oil & Gas properties in Oklahoma; Surface Damages Bond – OK Secretary of State	\$ 25,566	\$ 25,566

Note 1: The Schedule of Cash Receipts and Disbursements in Exhibit A-1 relates to activity from MidFirst (#2193), JP Morgan Chase (#1706) and US Bank (#5547). Additionally, Exhibit A-1 represents the book balances while Exhibit B represents the bank balances. As such, the balances will not tie due to outstanding checks that have not yet cleared the bank.

**New Gulf Resources, LLC, et al.****Exhibit C - Statement of Operations for the Month Ended December 31, 2015***(Amounts in Thousands)*

	New Gulf Resources LLC	NGR TX LLC	NGR Finance Corp	Eliminations	Consolidated New Gulf Resources LLC	NGR Holdings LLC	Total
<b>REVENUES:</b>							
Oil sales	2,072	221	—	—	2,293	—	2,293
Natural gas sales	183	2	—	—	185	—	185
Natural gas liquids sales	145	10	—	—	155	—	155
Total revenues	2,400	233	—	—	2,633	—	2,633
<b>OPERATING EXPENSES:</b>							
Lease operating expenses and production taxes	828	95	—	—	923	—	923
Depletion, depreciation and amortization	6,635	631	—	—	7,266	—	7,266
Impairment of oil and gas properties	36,214	—	—	—	36,214	—	36,214
Exploration	110	—	—	—	110	—	110
Lease extensions	247	—	—	—	247	—	247
Lease expirations	529	—	—	—	529	—	529
General and administrative	587	—	—	—	587	—	587
Other operating expense	783	—	—	—	783	—	783
Accretion expense of asset retirement obligation	(16)	15	—	—	(1)	—	(1)
Total operating expenses	45,917	741	—	—	46,658	—	46,658
Net operating income (loss)	(43,517)	(508)	—	—	(44,025)	—	(44,025)
<b>OTHER INCOME (EXPENSE):</b>							
Interest expense	(3,862)	—	—	—	(3,862)	—	(3,862)
Reorganization items	(6,111)	—	—	—	(6,111)	—	(6,111)
Interest and other income	96	—	—	—	96	—	96
Gain (loss) on commodity derivatives, net	48	—	—	—	48	—	48
Gain (loss) on disposition of assets, net	146	—	—	—	146	—	146
Total other expense, net	(9,683)	—	—	—	(9,683)	—	(9,683)
Net Loss	(53,200)	(508)	—	—	(53,708)	—	(53,708)

**New Gulf Resources, LLC, et al.**  
**Exhibit D - Balance Sheet As of December 31, 2015**

(Amounts in Thousands)

	New Gulf Resources LLC	NGR TX LLC	NGR Finance Corp	Eliminations	Consolidated New Gulf Resources LLC	NGR Holdings LLC	Total
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	18,046	—	—	—	18,046	—	18,046
Accounts receivable, net	—	—	—	—	—	—	—
Oil, natural gas, and natural gas liquids	4,887	—	—	—	4,887	—	4,887
Joint interest billings	5,572	—	—	—	5,572	—	5,572
Related parties	11,357	916	—	(12,203)	70	—	70
Prepaid expenses	964	10	—	—	974	—	974
Inventory	56	—	—	—	56	—	56
Total current assets	40,882	926	—	(12,203)	29,605	—	29,605
<b>Noncurrent assets</b>							
Oil and gas properties, net of impairment, successful efforts method	320,292	23,322	—	—	343,614	—	343,614
Accumulated depletion, depreciation and amortization	(64,838)	(9,991)	—	—	(74,829)	—	(74,829)
Total oil and gas properties, net	255,454	13,331	—	—	268,785	—	268,785
Other property, plant and equipment, net	2,508	—	—	—	2,508	—	2,508
Total property, plant and equipment, net	257,962	13,331	—	—	271,293	—	271,293
Other intangible assets, net	2,987	—	—	—	2,987	—	2,987
Investment in sub	7,221	—	—	(7,221)	—	—	—
Other noncurrent assets	51	—	—	—	51	—	51
Total assets	309,103	14,257	—	(19,424)	303,936	—	303,936
<b>LIABILITIES AND MEMBERS' EQUITY</b>							
<b>Current liabilities</b>							
Accounts payable	9,598	11,641	—	(12,193)	9,046	—	9,046
Revenue payable	5,941	—	—	—	5,941	—	5,941
Accrued liabilities	3,298	—	—	—	3,298	—	3,298
Drilling advances from partners	230	—	—	—	230	—	230
Accrued interest payable	172	—	—	—	172	—	172
Debtor-in-possession financing	55,000	—	—	—	55,000	—	55,000
Other current liabilities	145	—	—	—	145	—	145
Total current liabilities	74,384	11,641	—	(12,193)	73,832	—	73,832
<b>Noncurrent liabilities</b>							
Notes payable - less current portion	—	—	—	—	—	—	—
Deferred gain on sale of Midstream system	28,618	—	—	—	28,618	—	28,618
Asset retirement obligation	1,995	140	—	—	2,135	—	2,135
Liabilities subject to compromise	524,406	—	—	—	524,406	—	524,406
Other noncurrent liabilities	471	—	—	—	471	—	471
Total liabilities	629,874	11,781	—	(12,193)	629,462	—	629,462
<b>MEMBERS' EQUITY</b>							
Series A Units, no par value, 200,000,000 units authorized, and 124,668,252 issued and outstanding as of December 31, 2015 and December 31, 2014, respectively	103,738	—	—	—	103,738	—	103,738
Capital NGR	—	7,221	—	(7,221)	—	—	—
Accumulated deficit	(424,509)	(4,745)	—	(10)	(429,264)	—	(429,264)
Total members' equity	(320,771)	2,476	—	(7,231)	(325,526)	—	(325,526)
Total liabilities and members' equity	309,103	14,257	—	(19,424)	303,936	—	303,936

In re NEW GULF RESOURCES,LLC., et al.  
Debtor

Case No. 15-12566 Jointly Administered  
Reporting Period: December 2015

**STATUS OF POSTPETITION TAXES**

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other: _____						
Total Federal Taxes						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other: _____						
Total State and Local						
<b>Total Taxes</b>						

See Certification Attached

**SUMMARY OF UNPAID POSTPETITION DEBTS**

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable	142,910.00	-	-	-	-	<b>142,910.00</b>
Wages Payable	-	-	-	-	-	-
Taxes Payable	-	-	-	-	-	-
Rent/Leases-Building	-	-	-	-	-	-
Rent/Leases-Equipment	-	-	-	-	-	-
Secured Debt/Adequate Protection Payments	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Amounts Due to Insiders*	-	-	-	-	-	-
Other: Suspense	-	-	-	-	-	-
Other: _____	-	-	-	-	-	-
<b>Total Postpetition Debts</b>	<b>142,910.00</b>	-	-	-	-	<b>142,910.00</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*"Insider" is defined in 11 U.S.C. Section 101(31).



In re NEW GULF RESOURCES, LLC., et al.,  
Debtor

### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

<b>Accounts Receivable Reconciliation</b>		<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period		\$11,245,427.95
+ Amounts billed during the period		\$4,640,487.15
- Amounts collected during the period		\$5,198,357.94
Total Accounts Receivable at the end of the reporting period		\$10,687,557.16
<b>Accounts Receivable Aging</b>		<b>Amount</b>
0 - 30 days old		\$5,137,732.93
31 - 60 days old		\$93,419.37
61 - 90 days old		\$201,794.75
91+ days old		\$5,254,610.11
Total Accounts Receivable		\$10,687,557.16
Amount considered uncollectible (Bad Debt)		(\$228,850.59)
Accounts Receivable (Net)		\$10,458,706.57

### DEBTOR QUESTIONNAIRE

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		x
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		x
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	x	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	x	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	x <sup>1</sup>	

<sup>1</sup> Four bank accounts were opened during the reporting period: US Bank (5547) and MidFirst Bank (5139, 5112, and 5120). See Exhibit B for a description of each account opened during the reporting period.