

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

In re: New Gulf Resources, LLC

Case No. 15-12566 Jointly Administered
Reporting Period: January 2016

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		

JA
2/29/16

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*

Date

Danni Morris
Printed Name of Authorized Individual

2-29-16
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.¹

Chapter 11

Case No. 15-12566

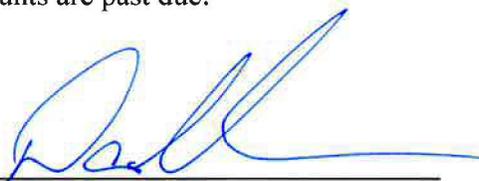
Jointly Administered

**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: 2-29-16



Danni Morris
Chief Financial Officer

¹ 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 (January 1 - January 31, 2016) at New Gulf Resources, LLC**

\$ in thousands

	January		Cumulative	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget¹</i>
	1-Jan-16 31-Jan-16	1-Jan-16 31-Jan-16	17-Dec-15 31-Jan-16	17-Dec-15 31-Jan-16
Receipts				
Production Receipts	3,525.0	3,318.7	7,186.6	7,468.3
Royalty Payments	(1,147.3)	(1,175.3)	(2,293.8)	(2,491.0)
Total Net Production Receipts	2,377.8	2,143.4	4,892.8	4,977.3
Derivative Settlements	1,284.4	1,284.4	2,344.8	2,344.8
Release of Well Connects	1,000.0	-	1,000.0	-
TOTAL NET RECEIPTS	4,662.1	3,427.8	8,237.5	7,322.0
DISBURSEMENTS				
<i>Operating Disbursements</i>				
Operating Expenses	(1,782.8)	(1,593.3)	(2,093.1)	(1,787.8)
Capital Investment / Infrastructure	(4,312.9)	(4,099.1)	(5,556.2)	(4,532.5)
Leasehold - Extension / Acquisitions and Other	(1,936.7)	(2,887.7)	(2,195.2)	(4,124.1)
Sub-Total Operating Disbursements	(8,032.3)	(8,580.1)	(9,844.5)	(10,444.4)
<i>General & Administrative</i>				
Payroll	(518.6)	(515.4)	(770.6)	(768.5)
Other G&A	(258.4)	(534.1)	(264.0)	(752.1)
Sub-Total G&A Disbursements	(776.9)	(1,049.5)	(1,034.6)	(1,520.5)
TOTAL DISBURSEMENTS	(8,809.2)	(9,629.5)	(10,879.1)	(11,964.9)
OPERATING CASH FLOW	(4,147.1)	(6,201.8)	(2,641.6)	(4,642.9)
Restructuring and Other One-Time				
Professional Fees - Debtor	-	(1,008.0)	-	(1,008.0)
Professional Fees - 2nd Lien	-	(640.0)	-	(640.0)
Professional Fees - UCC / Trade Credit	-	-	-	-
Surety Bond Collateral	-	-	-	-
DIP Loan Fees and Upfronts	-	-	(2,250.0)	(2,250.0)
Utility Deposits	(13.0)	-	(13.0)	(15.0)
US Trustee Fees	(41.1)	(40.4)	(41.1)	(40.4)
Other	-	(250.0)	(100.0)	(250.0)
TOTAL RESTRUCTURING	(54.1)	(1,938.4)	(2,404.1)	(4,203.4)
Interest Payments				
Mid-First RBL Interest	-	-	(115.0)	(51.3)
DIP Term Loan Interest	(689.0)	(689.0)	(689.0)	(689.0)
TOTAL DEBT SERVICE	(689.0)	(689.0)	(804.0)	(740.4)
NET CASH FLOW	(4,890.2)	(8,829.2)	(5,849.6)	(9,586.7)
Balances and Liquidity				
Net Cash Flow	(4,890.2)	(8,829.2)	(5,849.6)	(9,586.7)
RBL Draw / (Paydown)	250.0	-	(38,186.1)	(37,900.0)
DIP Term Loan Draw	-	20,000.0	54,795.0	75,000.0
RBL Availability (\$38 million)	-	-	-	-
Cash Balance	12,936.6	31,371.4	12,936.6	31,371.4
Ending Liquidity	12,936.6	31,371.4	12,936.6	31,371.4

Note 1: Budget incorporates updated 13-week budget approved by the DIP Lender Group beginning the week of January 18th, amended from the initial DIP budget submitted on Dec 17th

New Gulf Resources, LLC, et al.**Exhibit A-2 - Cash Disbursements Allocated by Entity (January 1-January 31, 2016)**

\$ in thousands

	NGR FINANCE, LLC	NGR TEXAS, LLC	NEW GULF RESOURCES, LLC	NGR HOLDINGS, LLC	TOTAL
DISBURSEMENTS¹					
Royalty Payments					
Royalty Payments	-	114.7	1,032.5	-	1,147.3
TOTAL ROYALTY PAYMENTS	-	114.7	1,032.5	-	1,147.3
Operating Disbursements					
Operating Expenses	-	178.3	1,604.5	-	1,782.8
Capital Investment / Infrastructure	-	-	4,312.9	-	4,312.9
Leasehold - Extension / Acquisitions and Other	-	-	1,936.7	-	1,936.7
General & Administrative					
Payroll	-	51.9	466.7	-	518.6
Other G&A	-	25.8	232.5	-	258.4
TOTAL OPERATING AND G&A DISBURSEMENTS	-	256.0	8,553.3	-	8,809.2
Restructuring and Other One-Time					
Professional Fees - Debtor	-	-	-	-	-
Professional Fees - 2nd Lien ²	-	-	-	-	-
Professional Fees - Subordinated Notes	-	-	-	-	-
Professional Fees - UCC / Trade Credit	-	-	-	-	-
Surety Bond Collateral	-	-	-	-	-
DIP Loan Fees and Upfronts	-	-	-	-	-
Utility Deposits	-	1.3	11.7	-	13.0
US Trustee Fees	-	4.1	36.9	-	41.1
Other	-	-	-	-	-
TOTAL RESTRUCTURING AND OTHER ONE-TIME	-	5.4	48.6	-	54.1
1st Lien Debt Service / Bank Fees					
Interest & Fees	-	68.9	620.1	-	689.0
Debt Repayment	-	-	-	-	-
TOTAL 1ST LIEN DEBT SERVICE / BANK FEES	-	68.9	620.1	-	689.0
TOTAL DISBURSEMENTS	-	445.0	10,254.6	-	10,699.6

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.

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

Debtor Name	Bank	Account Number (Last 4 Digits)	Account Description	Beginning Balance January 1, 2016	Ending Balance January 31, 2016
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	\$ 6,000,911	\$ 6,001,013
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	\$ 6,001,551	\$ 5,001,660
New Gulf Resources, LLC	US Bank	5547	Escrow account opened for funding of DIP facility, opened 12/21/2015 and funded with two deposits totaling \$14,170,789.07 on 12/22/2015	\$ 2,000,000	\$ 2,000,000
New Gulf Resources, LLC	MidFirst Bank	5139	Escrow account for utility payments opened on 12/31/2015	\$ 13,000	\$ 13,000
New Gulf Resources, LLC	MidFirst Bank	5112	Escrow account for credit card deposits opened on 12/31/2015	\$ 100,000	\$ 100,000
New Gulf Resources, LLC	MidFirst Bank	5120	Escrow account for adequate protection payments opened on 12/31/2015	\$ 150,000	\$ 150,000
New Gulf Resources, LLC	MidFirst Bank	2193	Operating account, receives funds from Credit Agreement and hedge settlements, pays interest and fees related to Credit Agreement	\$ 4,527,225	\$ 6,464,312
New Gulf Resources, LLC	JP Morgan Chase Bank	1706	Operating account shared by all Debtors, receives operating income and pays operating expenses	\$ 7,647,802	\$ 6,959,381
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 January 31, 2016
(Amounts in Thousands)

	New Gulf Resources LLC	NGR TX LLC	NGR Finance Corp	Eliminations	Consolidated New Gulf Resources LLC	NGR Holdings LLC	Total
REVENUES:							
Oil sales	1,620	107	—	—	1,727	—	1,727
Natural gas sales	257	14	—	—	271	—	271
Natural gas liquids sales	152	3	—	—	155	—	155
Total revenues	2,029	124	—	—	2,153	—	2,153
OPERATING EXPENSES:							
Lease operating expenses and production taxes	1,104	78	—	—	1,182	—	1,182
Depletion, depreciation and amortization	2,841	1,280	—	—	4,121	—	4,121
Impairment of oil and gas properties	—	—	—	—	—	—	—
Exploration	127	9	—	—	136	—	136
Lease extensions	349	—	—	—	349	—	349
Lease expirations	822	—	—	—	822	—	822
General and administrative	1,197	—	—	—	1,197	—	1,197
Other operating expense	183	—	—	—	183	—	183
Accretion expense of asset retirement obligation	93	4	—	—	97	—	97
Total operating expenses	6,716	1,371	—	—	8,087	—	8,087
Net operating income (loss)	(4,687)	(1,247)	—	—	(5,934)	—	(5,934)
OTHER INCOME (EXPENSE):							
Interest expense	(521)	—	—	—	(521)	—	(521)
Reorganization items	(275)	—	—	—	(275)	—	(275)
Interest and other income	106	—	—	—	106	—	106
Gain (loss) on commodity derivatives, net	—	—	—	—	—	—	—
Gain (loss) on disposition of assets, net	144	—	—	—	144	—	144
Total other expense, net	(546)	—	—	—	(546)	—	(546)
Net Loss	(5,233)	(1,247)	—	—	(6,480)	—	(6,480)

New Gulf Resources, LLC, et al.
Exhibit D - Balance Sheet as of January 31, 2016
(Amounts in Thousands)

	New Gulf Resources LLC	NGR TX LLC	NGR Finance Corp	Eliminations	Consolidated New Gulf Resources LLC	NGR Holdings LLC	Total
ASSETS							
Current assets							
Cash and cash equivalents	13,202	—	—	—	13,202	—	13,202
Accounts receivable, net							
Oil, natural gas, and natural gas liquids	3,249	(438)	—	—	2,811	—	2,811
Joint interest billings	4,263	—	—	—	4,263	—	4,263
Related parties	11,189	916	—	(12,035)	70	—	70
Prepaid expenses	974	10	—	—	984	—	984
Inventory	57	—	—	—	57	—	57
Total current assets	32,934	488	—	(12,035)	21,387	—	21,387
Noncurrent assets							
Oil and gas properties, net of impairment, successful efforts method	323,649	23,283	—	—	346,932	—	346,932
Accumulated depletion, depreciation and amortization	(67,707)	(11,230)	—	—	(78,937)	—	(78,937)
Total oil and gas properties, net	255,942	12,053	—	—	267,995	—	267,995
Other property, plant and equipment, net	2,449	—	—	—	2,449	—	2,449
Total property, plant and equipment, net	258,391	12,053	—	—	270,444	—	270,444
Other intangible assets, net	2,803	—	—	—	2,803	—	2,803
Investment in sub	7,221	—	—	(7,221)	—	—	—
Other noncurrent assets	51	—	—	—	51	—	51
Total assets	301,400	12,541	—	(19,256)	294,685	—	294,685
LIABILITIES AND MEMBERS' EQUITY							
Current liabilities							
Accounts payable	10,392	11,119	—	(12,025)	9,486	—	9,486
Revenue payable	5,963	—	—	—	5,963	—	5,963
Accrued liabilities	3,950	—	—	—	3,950	—	3,950
Drilling advances from partners	227	—	—	—	227	—	227
Accrued interest payable	4	—	—	—	4	—	4
Debtor-in-possession financing	55,000	—	—	—	55,000	—	55,000
Other current liabilities	144	—	—	—	144	—	144
Total current liabilities	75,680	11,119	—	(12,025)	74,774	—	74,774
Noncurrent liabilities							
Notes payable - less current portion	—	—	—	—	—	—	—
Deferred gain on sale of Midstream system	29,250	—	—	—	29,250	—	29,250
Asset retirement obligation	2,124	151	—	—	2,275	—	2,275
Liabilities subject to compromise	524,406	—	—	—	524,406	—	524,406
Other noncurrent liabilities	459	—	—	—	459	—	459
Total liabilities	631,919	11,270	—	(12,025)	631,164	—	631,164
MEMBERS' EQUITY							
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	(434,257)	(5,950)	—	(10)	(440,217)	—	(440,217)
Total members' equity	(330,519)	1,271	—	(7,231)	(336,479)	—	(336,479)
Total liabilities and members' equity	301,400	12,541	—	(19,256)	294,685	—	294,685

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

Case No. 15-12566 Jointly Administered
Reporting Period: January 2016

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
Federal						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other: _____						
Total Federal Taxes						
State and Local						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other: _____						
Total State and Local						
Total Taxes						

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	2,229,100.92	134,835.51	34,245.03	-	-	2,398,181.46
Wages Payable	-	-	-	-	-	-
Taxes Payable	-	-	-	-	-	-
Rent/Leases-Building	-	-	-	-	-	-
Rent/Leases-Equipment	-	-	-	-	-	-
Secured Debt/Adequate Protection Payments	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Amounts Due to Insiders*	-	-	-	-	-	-
Other: Suspense	-	-	-	-	-	-
Other: _____	-	-	-	-	-	-
	-	-	-	-	-	-
Total Postpetition Debts	2,229,100.92	134,835.51	34,245.03	-	-	2,398,181.46

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

- (1) All invoices comprising the \$134,835.51 of Post-Petition Accounts Payable '0-30 days past due' have subsequently been paid
- (2) All invoices comprising the \$34,245.03 of Post-Petition Accounts Payable '31-60 days past due' were December invoices not received and entered into A/P as approved for payment until late January. All invoices were subsequently paid on February 3rd, 2016

*"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

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		\$10,687,557.16
+ Amounts billed during the period		\$13,478,164.18
- Amounts collected during the period		\$13,850,291.35
Total Accounts Receivable at the end of the reporting period		\$10,315,429.99
Accounts Receivable Aging		Amount
0 - 30 days old		\$4,802,385.29
31 - 60 days old		\$243,484.86
61 - 90 days old		\$84,510.14
91+ days old		\$5,185,049.70
Total Accounts Receivable		\$10,315,429.99
Amount considered uncollectible (Bad Debt)		(\$3,241,660.82)
Accounts Receivable (Net)		\$7,073,769.17

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		x ⁽¹⁾
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

NOTE:

(1) In the ordinary course, junk/scrap pipe/inventory is sold for scrap value. In December 2015, junk/scrap pipe/inventory was sold to third-party buyers at arms length for \$1,760.