

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
	:	
Falcon Gas Storage Company, Inc.	:	Case No: 12-11790 (SHL)
	:	
Debtor.	:	
	X	

**Monthly Operating Report For the Period
From September 1, 2013 to September 30, 2013**

DEBTOR'S POSTAL ADDRESS: Falcon Gas Storage Company, Inc.
75 14th Street
24th Floor
Atlanta, GA 30309
Tel: (404) 920 9000
Fax: (404) 920 9001

DEBTOR'S REGISTERED ADDRESS:
Falcon Gas Storage Company, Inc.
75 14th Street
24th Floor
Atlanta, GA 30309
Tel: (404) 920 9000
Fax: (404) 920 9001

DEBTOR'S ATTORNEYS: Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted pro hac vice)
Janet M. Weiss (JW-5460)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

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.

/s/ Kevin Keough
Kevin Keough
Director
Falcon Gas Storage Company, Inc.

10/21/2013

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 9/1/2013 - 9/30/2013

Federal Tax I.D. # 76-0656572

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	x	
Copies of bank statements			x
Cash disbursements journals			x
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Post-petition Taxes	MOR-4	x	
Copies of IRS Form 6123 or payment receipt			x
Copies of tax returns filed during reporting period			x
Summary of Unpaid Post-petition Debts	MOR-4		x
Listing of Aged Accounts Payable			x
Accounts Receivable Reconciliation and Aging	MOR-5	x	
Taxes Reconciliation and Aging	MOR-5	x	
Payments to Insiders and Professionals	MOR-6	x	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	x	
Debtor Questionnaire	MOR-7	x	

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General Note:

The financial statements and supplemental information contained herein are preliminary and unaudited.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial positions of the Debtor in the future.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Bank Accounts	Opening balance as at 9/1/2013	Receipts	Transfers	Disbursements	FX Fluctuation	Closing balance as at 9/30/2013
JP Morgan Chase - 816818207	59,483	-	-	(20,980)	-	38,504
JP Morgan Chase - 2909243137	2,279,188	1,855,656	-	-	-	4,134,844
Total Operating Accounts	2,338,671	1,855,656	-	(20,980)	-	4,173,348

Notes:

1. The receipts are related to interest income of \$637.84 and receipt of \$1,855,018.19 worth of receivables.
2. The disbursements largely pertain to restructuring related expenses.

BANK RECONCILIATIONS
Continuation Sheet for MOR-1

GL#	Bank Name	Bank Balance	Deposits & Transfers in Transit	O/S, Bank Service Charges, Adjustments to GL	Other Reconciling Items	GL Balance
100-061	JP Morgan Chase - 816818207	38,504	-	-	-	38,504
	JP Morgan Chase - 2909243137	4,134,844	-	-	-	4,134,844
	Total Cash & Cash Equivalents	4,173,348	-	-	-	4,173,348

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STATEMENT OF OPERATIONS (Income Statement)
(in US Dollars)

For the Period
9/1/2013 - 9/30/2013

Income	Note 1	638
Total Income		\$ 638
Operating expenses	Note 2	54,752
Total Expenses		\$ 54,752
Net income (loss)		\$ (54,114)

Notes:

- 1. The income pertains to interest income.
- 2. Operating expenses are largely comprised of restructuring professional fees.

BALANCE SHEET
(in US Dollars)

		<u>As of 9/30/2013</u>
ASSETS		
Cash		\$ 4,173,348
Other current assets	Note 1	71,232,846
Fixed assets		8,311
Other assets		64,998
TOTAL ASSETS		\$ 75,479,502
LIABILITIES		
Post petition liabilities		\$ 1,065,908
Accrued liabilities		1,140,000
Deferred tax liability	Note 2	4,623,787
TOTAL POST-PETITION LIABILITIES		\$ 6,829,695
Liabilities subject to Compromise		\$ 16,186
TOTAL LIABILITIES		\$ 6,845,881
TOTAL EQUITY		\$ 68,633,621
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 75,479,502

Notes:

1. This includes a receivable for approximately \$70 million which is currently held in an escrow account pending the resolution of ongoing litigation.
2. The deferred tax liabilities pertains to a gain on installment sale.

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STATUS OF POST-PETITION TAXES

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Ending Tax
Total Taxes				

Notes:

SUMMARY OF PRE-PETITION DEBTS

DESCRIPTION	Total
AP - Product	-
AP - Legal & Professional Fees	16,186
AP - Intercompany	-
TOTAL LIABILITIES SUBJECT TO COMPROMISE	\$ 16,186

Notes:

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ -
Plus: Amounts billed during the period	-
Less: Amounts collected during the period	-
Less: Amounts written off during the period	-
Less: Amounts reserved during the period	-
Change in store accounts receivable, net	-
Total Accounts Receivable at the end of the reporting period	\$ -

Accounts Receivable Aging	9/30/2013
0 - 30 days old	\$ -
31 - 60 days old	-
61 - 90 days old	-
91 - 120 days old	-
121+ days old	-
Total Aged Accounts Receivable	-
Store Accounts Receivable	-
Total Accounts Receivable	-
Less: Bad Debts (Amount considered uncollectible)	-
Net Accounts Receivable	\$ -

TAXES RECONCILIATION AND AGING

Taxes Payable	Current	1-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and Local	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
See note below			
TOTAL PAYMENTS TO INSIDERS			

Notes:
 1. No payments incurred during this period.

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
A&M				\$ 30,420	\$ 10,877
A&M - Global Forensic & Dispute Services				-	57,605
Gibson Dunn				136,060	58,029
King & Spalding				753,967	2,122,015
TOTAL PAYMENTS TO PROFESSIONALS				920,447	2,248,525

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Notes:
 1. Amount Paid excludes payments made in September 2013 that were reflected in the August 2013 MOR, which included payments through 9/10/2013.
 2. Total Paid To Date reflects payments through 9/10/2013.
 3. Total Incurred & Unpaid reflects fee app/statements attributable to Falcon for the period April 2013 - September 2013.

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
See note below			
TOTAL PAYMENTS		\$ -	\$ -

Notes:
 1. No payments were made to secured creditors within this time period.

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X