

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 January 1, 2014 to January 31, 2014**

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)
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.

2/18/2014

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Falcon Gas Storage Company, Inc.
Debtor

Case No. 12-11790 (SHL)
Reporting Period: 1/1/2014 - 1/31/2014

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.

In re Falcon Gas Storage Company, Inc.
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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Bank Accounts	Opening balance as at 1/1/2014	Receipts	Transfers	Disbursements	FX Fluctuation	Closing balance as at 1/31/2014
JP Morgan Chase - 816818207	72,960	-	-	(24,703)	-	48,258
JP Morgan Chase - 2909243137	1,409,885	239	-	-	-	1,410,124
Total Operating Accounts	1,482,845	239	-	(24,703)	-	1,458,382

Notes:

1. The receipts are related to interest income of \$239.07.
2. The disbursements largely pertain to restructuring related expenses.

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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	48,258	-	(78)	-	48,179
100-068	JP Morgan Chase - 2909243137	1,410,124	-	-	-	1,410,124
	Total Cash & Cash Equivalents	1,458,382	-	(78)	-	1,458,303

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

		For the Period 1/1/2014 - 1/31/2014
Income	Note 1	239
Total Income		\$ 239
Operating expenses	Note 2	493,400
Total Expenses		\$ 493,400
Net income (loss)		\$ (493,161)

Notes:

1. The income pertains to interest income.
2. Operating expenses are largely comprised of legal fees.

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BALANCE SHEET
(in US Dollars)

		<u>As of 1/31/2014</u>
ASSETS		
Cash		\$ 1,458,303
Other current assets	Note 1	71,928,089
Fixed assets		7,303
Other assets		21,666
TOTAL ASSETS		<u>\$ 73,415,362</u>
LIABILITIES		
Post petition liabilities		\$ 2,197,941
Accrued liabilities		1,201,244
Deferred tax liability	Note 2	4,623,787
TOTAL POST-PETITION LIABILITIES		<u>\$ 8,022,972</u>
Liabilities subject to Compromise		\$ 16,186
TOTAL LIABILITIES		<u>\$ 8,039,158</u>
TOTAL EQUITY		<u>\$ 65,376,204</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 73,415,362</u>

Notes:

1. 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:

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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	1/31/2014
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:

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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