



**GAIL Global (USA) Inc.
and Subsidiary**

**Consolidated Financial Statements
and Supplementary Information**

December 31, 2020



GAIL Global (USA) Inc. and Subsidiary

A wholly-owned subsidiary of GAIL (India) Limited

December 31, 2020

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Independent Auditors' Report

To the Board of Directors and Stockholder of
GAIL Global (USA) Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of GAIL Global (USA) Inc. (a Texas corporation) and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in stockholder's deficit and cash flows for the years ended December 31, 2020 and 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GAIL Global (USA) Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated fixed assets rollforwards as of December 31, 2020 and 2019, included on pages 20-21, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Rannell Kerr Foster & Texas, P.C.

February 03, 2021



GAIL Global (USA) Inc. and Subsidiary

A wholly-owned subsidiary of GAIL (India) Limited

Consolidated Balance Sheets

	December 31,	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 696,390	\$ 1,150,953
Accounts receivable - oil and natural gas	513,431	996,163
Accounts receivable - LNG domestic	892,785	-
Accounts receivable - Parent	88,628,355	103,397,987
Accounts receivable - other	30,295	41,869
Income taxes receivable	-	97,994
Inventory	12,824,612	12,886,386
Prepaid expenses	662,636	86,636
Other current assets	<u>2,222,691</u>	<u>4,812,711</u>
Total current assets	<u>106,471,195</u>	<u>123,470,699</u>
Oil and natural gas properties, successful effort method		
Property costs		
Leasehold costs (evaluated and unevaluated)	25,132,976	25,127,372
Drilling costs	33,990,786	33,459,849
Completion costs	60,094,273	59,902,675
Production equipment and facilities	10,273,345	10,207,544
Asset retirement obligation asset	643,331	627,256
Capitalized interest (evaluated and unevaluated)	<u>4,070,643</u>	<u>3,898,803</u>
Total oil and natural gas property	134,205,354	133,223,499
Office equipment	69,691	69,691
Accumulated depletion, depreciation and amortization	<u>(70,598,327)</u>	<u>(62,903,327)</u>
Oil and natural gas properties, net	<u>63,676,718</u>	<u>70,389,863</u>
Operating lease right of use asset	<u>142,632</u>	<u>-</u>
Total assets	<u>\$ 170,290,545</u>	<u>\$ 193,860,562</u>

See accompanying notes to consolidated financial statements.

	December 31,	
	<u>2020</u>	<u>2019</u>
Liabilities and Stockholder's Deficit		
Current liabilities		
Accounts payable	\$ 70,752,034	\$ 69,117,379
Accrued liabilities	102,118	132,337
Lines of credit	105,315,009	124,793,018
Operating lease liability, current portion	<u>47,661</u>	<u>-</u>
Total current liabilities	<u>176,216,822</u>	<u>194,042,734</u>
Deferred tax liability, net	1,643,578	1,987,539
Asset retirement obligations	798,791	751,733
Operating lease liability, net of current portion	<u>99,815</u>	<u>-</u>
Total liabilities	<u>178,759,006</u>	<u>196,782,006</u>
Commitments and contingencies		
Stockholder's deficit		
Common stock, \$1 par value; 50,000,000 shares authorized, 36,000,000 shares issued and outstanding	36,000,000	36,000,000
Retained deficit	<u>(44,468,461)</u>	<u>(38,921,444)</u>
Total stockholder's deficit	<u>(8,468,461)</u>	<u>(2,921,444)</u>
Total liabilities and stockholder's deficit	<u>\$ 170,290,545</u>	<u>\$ 193,860,562</u>



GAIL Global (USA) Inc. and Subsidiary

A wholly-owned subsidiary of GAIL (India) Limited

Consolidated Statements of Operations

	Year Ended December 31,	
	2020	2019
LNG sales		
Parent	\$ 679,978,294	\$ 769,358,280
Other	<u>2,475,785</u>	<u>787,500</u>
Total LNG sales	<u>682,454,079</u>	<u>770,145,780</u>
Oil and natural gas sales		
Crude oil	5,467,954	18,228,477
Natural gas liquids	330,008	852,067
Natural gas	<u>470,973</u>	<u>860,086</u>
Total oil and natural gas sales	<u>6,268,935</u>	<u>19,940,630</u>
Total revenue	<u>688,723,014</u>	<u>790,086,410</u>
Cost of sales - LNG	679,870,066	766,762,182
Oil and natural gas operating expenses		
Lease operating	2,259,338	3,855,931
Production taxes	250,595	907,424
Marketing and distribution	759,575	869,432
Depletion, depreciation and amortization	7,695,000	11,975,589
Accretion expense	30,983	29,645
General and administrative	<u>2,290,024</u>	<u>3,007,480</u>
Total operating expenses	<u>693,155,581</u>	<u>787,407,683</u>
Income (loss) from operations	<u>(4,432,567)</u>	<u>2,678,727</u>
Other income (expense)		
Interest income	4,280	11,549
Interest expense	(1,673,512)	(3,438,734)
Interest expense capitalized	<u>171,840</u>	<u>385,423</u>
Total other expense, net	<u>(1,497,392)</u>	<u>(3,041,762)</u>
Loss before income tax expense (benefit)	<u>(5,929,959)</u>	<u>(363,035)</u>
Income tax expense (benefit)		
Current	(43,825)	(192,882)
Deferred	<u>(343,961)</u>	<u>8,099</u>
Total income tax benefit	<u>(387,786)</u>	<u>(184,783)</u>
Net loss	\$ <u>(5,542,173)</u>	\$ <u>(178,252)</u>

See accompanying notes to consolidated financial statements.



GAIL Global (USA) Inc. and Subsidiary

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Consolidated Statements of Changes in Stockholder's Deficit

For the Years Ended December 31, 2020 and 2019

	Common Stock	Retained Deficit	Total Stockholder's Deficit
Balance, December 31, 2018	\$ 36,000,000	\$ (38,743,192)	\$ (2,743,192)
Net loss	-	(178,252)	(178,252)
Balance, December 31, 2019	36,000,000	(38,921,444)	(2,921,444)
Cumulative adjustment upon adoption of ASC 842	-	(4,844)	(4,844)
Adjusted Balance, December 31, 2019	36,000,000	(38,926,288)	(2,926,288)
Net loss	-	(5,542,173)	(5,542,173)
Balance, December 31, 2020	\$ 36,000,000	\$ (44,468,461)	\$ (8,468,461)

See accompanying notes to consolidated financial statements.



GAIL Global (USA) Inc. and Subsidiary

A wholly-owned subsidiary of GAIL (India) Limited

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (5,542,173)	\$ (178,252)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depletion, depreciation and amortization	7,695,000	11,975,589
Accretion expense	30,983	29,645
Amortization of deferred loan costs	-	181,829
Deferred income tax (benefit) expense	(343,961)	8,099
Changes in operating assets and liabilities		
Accounts receivable	494,306	590,801
Accounts receivable - LNG domestic	(892,785)	-
Accounts receivable - Parent	14,769,632	10,303,017
Income taxes receivable	97,994	(97,994)
Inventory	61,774	10,791,281
Prepaid expenses	(576,000)	(46,341)
Other current assets	2,590,020	(2,504,415)
Accounts payable	1,684,916	(24,589,712)
Accrued liabilities	(30,219)	(24,537)
Net cash provided by operating activities	<u>20,039,487</u>	<u>6,439,010</u>
Cash flows from investing activities		
Additions to oil and natural gas properties	(965,780)	(2,456,140)
Additions to office equipment	-	(31,609)
Change in capital expenditure accrual	(50,261)	(3,995,063)
Net cash used in investing activities	<u>(1,016,041)</u>	<u>(6,482,812)</u>
Cash flows from financing activities		
Proceeds from borrowings on lines of credit	698,410,286	920,994,441
Repayments of lines of credit	(717,888,295)	(922,027,440)
Net cash used in financing activities	<u>(19,478,009)</u>	<u>(1,032,999)</u>
Net decrease in cash and cash equivalents	(454,563)	(1,076,801)
Cash and cash equivalents - beginning of year	<u>1,150,953</u>	<u>2,227,754</u>
Cash and cash equivalents - end of year	<u>\$ 696,390</u>	<u>\$ 1,150,953</u>
Non-cash investing and financing activities		
Operating lease right of use asset for lease liabilities upon adoption of ASC 842	<u>\$ 147,476</u>	<u>\$ -</u>
Capitalized asset retirement obligation costs	<u>\$ 16,075</u>	<u>\$ -</u>
Supplemental cash flow information		
Cash paid for interest, net of amounts capitalized	<u>\$ 1,910,001</u>	<u>\$ 2,841,879</u>
Cash paid (refund) for taxes	<u>\$ (166,869)</u>	<u>\$ (94,888)</u>

See accompanying notes to consolidated financial statements.



GAIL Global (USA) Inc. and Subsidiary

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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 1 - NATURE OF OPERATIONS

GAIL Global (USA) Inc. ("GGUI") was formed on September 26, 2011 as a Texas Corporation and is a wholly-owned subsidiary of GAIL (India) Limited (the "Parent"). GGUI is a United States petroleum exploration and production company engaged in the acquisition, exploration, and development of properties to produce crude oil and natural gas from underground reservoirs.

On September 28, 2011, GGUI entered into a purchase and participation agreement (the "Agreement") to acquire a 20% working interest in oil and natural gas properties located in the Eagle Ford Shale area in Dimmit, Frio, LaSalle and McMullen Counties of the State of Texas for an upfront payment of \$63,650,000 and a carry on behalf of the seller totaling \$31,350,000 which has since then been funded.

In July 2018, the Company sold its working interest in certain producing properties and undeveloped acreage totaling approximately 2,502 net acres (including 55 producing wells) located primarily in LaSalle County in the Eagle Ford Shale area to EP Energy E&P Company, L.P. At the end of 2020, the Company has a working interest in the remaining 2,884 net acres (including 77 producing wells) in the Eagle Ford Shale area.

During 2013, the Company's Board of Directors approved the formation of a wholly-owned subsidiary to enter into contractual agreements to secure capacity rights in a certain liquefied natural gas ("LNG") liquefaction terminal and related pipelines, to purchase and deliver natural gas to the terminal, and to perform any other activities that may be required in the sale of LNG to Parent. On March 28, 2013, Gail Global (USA) LNG LLC ("GGULL" or "Subsidiary") was formed as a Delaware limited liability company to hold the LNG operations and related obligations. GGUI and Subsidiary are collectively referred to as the "Company".

In April 2013, GGULL entered into a terminal service agreement with Dominion Energy Cove Point LNG, LP ("DECP") for 2.3 million tons per annum of capacity in Dominion Energy Cove Point LNG Terminal in Lusby, Maryland, for a term of approximately 20 years, commencing on the in-service date of the LNG liquefaction terminal, which occurred in April 2018. GGULL also entered into a Pipeline Precedent Agreement for a pipeline capacity of 420,000 Dekatherm ("Dth") per day (later changed to 430,000 Dth/Day) in DECP's Cove Point pipeline. The terminal service agreement requires GGULL to pay monthly fixed charges for liquefaction of the annual contracted quantities and supply fuel gas for liquefaction and general terminal purposes. The operator is liable to pay certain credits to GGULL in case of service failures other than force majeure. The Pipeline Precedent Agreement followed by the Pipeline Service Agreement executed in December 2014 requires GGULL to pay monthly fixed and variable charges for capacity of 430,000 Dth/Day in DECP's Cove Point pipeline.

In November 2014, GGULL entered into a Gas Sale and Purchase Agreement ("GSPA") with WGL Midstream Inc. for supply of up to 430,000 Dth/Day of natural gas for a term of approximately 20 years. The supplies under the GSPA commenced in March 2018. As provided in the GSPA, GGULL also released its capacity in DECP's Cove Point pipeline in favor of WGL Midstream, Inc.

In September 2017, GGULL entered into an LNG Sale Purchase Agreement ("LNG SPA") with the Parent for the sale of LNG from the Dominion Energy Cove Point LNG Terminal in Lusby, Maryland. LNG sales to Parent under the LNG SPA commenced in April 2018.

In November 2020, DECP changed its name to Cove Point LNG, LP ("CPLL") without any change to existing contracts.



GAIL Global (USA) Inc. and Subsidiary

A wholly-owned subsidiary of GAIL (India) Limited

Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of GGUI and GGULL. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less from the date of purchase.

Inventory

Crude oil that remains within field tanks, natural gas that remains in a pipeline and natural gas liquids that remain within a tank that is not sold at each reporting period is considered not produced. Therefore, no inventory is recorded by GGUI for produced volumes that remain unsold.

GGULL supplies natural gas to the CPLL liquefaction terminal for production of LNG, for fuel consumed for such liquefaction and for its fuel share for terminal operations. Natural gas supplied by GGULL for fuel is treated as consumed and any positive or negative imbalance with the operator is adjusted in subsequent fuel supplies. All LNG produced for GGULL and remaining in the LNG tanks at the liquefaction terminal, at each reporting date is valued on a First-in-First Out (FIFO) basis and is classified as Inventory. Valuation of LNG includes the costs of natural gas (including consumed fuel gas), gas liquefaction and gas transportation. Inventory is carried at the lower of cost or net realizable value.

Liquefaction - Other Current Assets or Liabilities

Per the Terminal Services Agreement executed between GGULL and CPLL, GGULL is entitled to liquefaction of gas quantities at the CPLL liquefaction terminal equal to the aggregate annual contracted quantities stated in the agreement for such operating year. For liquefaction services, GGULL is required to pay fixed liquefaction charges each month but the liquefaction quantities vary from month to month. Therefore, the value of the difference between the liquefaction charges paid and the value of the liquefaction services provided for the quantities received at each reporting date is accounted for in either a prepaid Liquefaction Charges Adjustment Account, which is included within Other Current Assets, or a liability Liquefaction Charges Adjustment Account, which is included in Accounts Payable on the consolidated balance sheets.

Oil and Natural Gas Properties

The Company uses the successful efforts method of accounting for oil and natural gas producing activities. Costs to acquire mineral interests in oil and natural gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells, and related asset retirement costs, are capitalized. Exploratory wells that do not find proved oil and natural gas reserves are expensed when that determination is made, which is less than one year from the date that total depth is reached and the well is logged. With respect to amounts paid by the Company for its carry obligation, they are recorded to oil and natural gas properties in cost categories incurred as tangible and intangible drilling costs and completion costs and production equipment and facilities. Additionally, interest costs are capitalized to oil and natural gas properties during the period that unevaluated leasehold costs and costs of wells in progress are undergoing development and preparation for their intended use until reserves have been identified.



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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Oil and Natural Gas Properties (Continued)

Interest cost totaling \$171,840 and \$385,423 was capitalized for the years ended December 31, 2020 and 2019, respectively. Geological and geophysical costs and costs of carrying and retaining unproved properties are expensed when incurred.

Capitalized costs of producing oil and natural gas properties, after considering estimated residual salvage values, are depreciated and depleted on a field level (common reservoir) basis using the unit-of-production method using proved producing oil and natural gas reserves for exploration and development costs and using total proved reserves for acquisition leasehold costs. Unproved property costs, costs of wells in progress and related capitalized interest costs are excluded from the base subject to depletion until the related costs are considered developed or until proved reserves are found.

Upon sale or retirement of a complete unit of an evaluated property, the cost and related accumulated depletion, depreciation, and amortization are eliminated from the property accounts, and the resulting gain or loss is recognized in the consolidated statements of operations. On the retirement or sale of a partial unit of evaluated property, the cost and related accumulated depletion, depreciation, and amortization apportioned to the interest retired or sold are eliminated from the property accounts, and the resulting gain or loss is recognized in the consolidated statements of operations.

Upon sale of an entire interest in an unevaluated property, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unevaluated property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Evaluated oil and natural gas properties are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, which is generally performed at the field level. Assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company estimates the future undiscounted cash flows of the affected properties to determine the recoverability of carrying amounts. If the net costs are in excess of the undiscounted future net cash flows, then the fair value is determined using the discounted future net cash flows as the new carrying value with any excess net cost recorded as an impairment with a corresponding amount recorded to accumulated depletion, depreciation and amortization. At December 31, 2020 and 2019, no impairment of evaluated oil and natural gas properties is required.

Unevaluated oil and natural gas properties are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. At December 31, 2020 and 2019, no impairment of unevaluated oil and natural gas properties is required. During the years ended December 31, 2020 and 2019, all leases remained active and there were no abandonments of expired leases. As of December 31, 2020 and 2019, oil and natural gas leasehold costs included in the consolidated balance sheets included \$10,960,832 and \$11,629,996, respectively, of unevaluated leasehold costs. As of December 31, 2020 and 2019, included within oil and natural gas property recorded in the consolidated balance sheets is capitalized interest totaling \$2,109,125 and \$2,129,525, respectively, associated with unevaluated leasehold costs.



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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset Retirement Obligations

The Company records an asset retirement obligation for the abandonment of oil and natural gas producing properties (see Note 3). The asset retirement obligation is recorded at its estimated fair value on the date that the obligation is incurred and accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value. Fair value is measured using expected future cash outflows, which consider an estimate of the cost to plug and abandon wells (excluding salvage), future inflation rates and is discounted to present value using the Company's credit-adjusted risk-free interest rate.

The fair value of the estimated asset retirement cost is capitalized as part of the carrying amount of the applicable proved oil and natural gas property and depleted using the unit-of-production method. Periodically the asset retirement obligation is re-measured to determine if a revision to the estimate is necessary with any revisions being recorded as an adjustment to oil and natural gas property cost.

Revenue Recognition and Imbalances

Effective January 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) Accounting Standards Codification ("ASC") using the modified retrospective method and has applied the standard to all existing contracts. ASC 606 supersedes previous revenue recognition requirements in ASC 605 - Revenue Recognition and includes a five-step revenue recognition model to depict the transfer of goods or services to customers in an amount that reflects the consideration in exchange for those goods or services. As a result of adopting ASC 606, the Company did not have a cumulative-effect adjustment in retained earnings.

The Company's oil and natural gas revenues are comprised of revenues that are distributed from the operator who sells on the Company's behalf to various purchasers the Company's share of oil, natural gas and natural gas liquids ("NGLs") which may be subject to operator obligated processing, treating and delivery contracts. The Company believes that the disaggregation of revenue into these three major product types appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors based on its single geographic location. Revenues from the sale of oil, natural gas and NGLs is recorded when control has passed and is net of royalties.

An accrual is recorded at each reporting period by estimating the oil, natural gas and NGL volumes produced and delivered, net of royalties, and corresponding prices for periods when actual production information is not available. Crude oil that remains within the field tanks, natural gas that remains in a pipeline and natural gas liquids that remain within a tank that is not sold at each reporting period is considered not produced.



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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Imbalances (Continued)

The transaction price used to recognize revenue is a function of the contract billing terms of the operator taking into account volumes at contractually based rates with payment typically required within 30 days of the end of the production month. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from operator are accrued in Accounts Receivable – oil and natural gas in the consolidated balance sheets. As of December 31, 2020 and 2019, oil and natural receivables from the operator were \$513,431 and \$996,163, respectively. Taxes assessed by governmental authorities on crude oil, natural gas and NGLs and costs associated with processing, treating and delivery contracts are typically netted within the selling price received or when remitted. Taxes assessed are presented separately from revenues in the statements of operations as production taxes and other post production costs are recorded as marketing and distribution costs since control of production sold passes to the purchasers subject to the operator's terms under these contracts.

The Company applied the practical expedient in ASC 606 exempting the disclosure of the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product typically represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligation is not required.

Revenue from LNG sales is recognized when the LNG Cargo Loading is completed and control has passed. All the costs arising out of GGULL's LNG operations are billed to the Parent ("Buyer") through LNG invoices or billing adjustments. The LNG sales price is comprised of the natural gas purchase cost, liquefaction costs, transportation costs, other third-party costs such as financing and letter of credit costs, legal expenses on contracts, general and administrative costs and a markup on general and administrative costs. The markup being charged is subject to the outcome of a Bilateral Advance Pricing Agreement filed by GGUI with the IRS for transfer pricing of GGULL's Parent LNG transactions. Any under/over recovery in costs is recorded as a true-up provision within Other Current Assets and is adjusted in subsequent periods through LNG pricing adjustments. In addition to the LNG sale pricing, any costs paid to or any credits received from the terminal operator and gas supplier that are not related to the LNG sold are passed on to the Buyer through Debit/Credit Notes and reported as receivable from/payable to Buyer.

Deferred Financing Costs

Deferred financing costs are those costs incurred in connection with obtaining a line of credit and are amortized to interest expense, on a straight-line basis, which approximates the interest method, over the term of the line of credit.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.



GAIL Global (USA) Inc. and Subsidiary

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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates (Continued)

Significant estimates include volumes of oil and natural gas reserves used in calculating depreciation, depletion and amortization of oil and natural gas properties, future net revenues and abandonment obligations, impairment of developed and undeveloped properties, the collectability of outstanding accounts receivable, contingencies, and the results of current and future litigation. Oil and natural gas reserve estimates, which are the basis for unit-of-production depreciation and depletion, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Subsequent drilling results, testing, and production may justify revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered.

In addition, reserve estimates are sensitive to changes in wellhead prices of crude oil and natural gas, which has a direct effect on future revenues and volumes of oil and natural gas that can be produced economically. Such prices have been volatile in the past and can be expected to be volatile in the future.

The significant estimates are based on current assumptions that may be materially affected by changes to future economic conditions, such as the market prices received for sales of volumes of oil and natural gas, which are primarily based upon the data and information received from the joint venture operator. Future changes in these assumptions may affect these significant estimates materially in the near term.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current period and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. When appropriate, a valuation allowance is recorded to reflect deferred tax assets at their net realizable value.

The Company is subject to state taxes in Maryland and Texas. The state of Texas has a gross margin tax that applies to the Company. Tax margin is defined as total revenue less deduction for costs of goods sold or compensation and benefits in which total calculated taxable margin cannot exceed 70% of total revenue.

The Company will account for interest and penalties assessed resulting from of an examination in income tax expense when incurred. The Company had no tax-related interest or penalties for the years ended December 31, 2020 and 2019. Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the consolidated financial statements.



GAIL Global (USA) Inc. and Subsidiary

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Notes to Consolidated Financial Statements

December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales-Based Taxes

The Company pays certain governmental taxes based on its sales of oil and natural gas to customers. The Company reports its sales at the gross amount and the related taxes, primarily severance taxes, are included in production taxes in the accompanying consolidated statements of operations. Total sales-based taxes incurred by the Company for the years ended December 31, 2020 and 2019 amounted to \$250,595 and \$907,424, respectively.

Fair Value of Financial Measurements

The Company measures fair value under ASC 820, "Fair Value Measurements and Disclosures," which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. A three-level valuation hierarchy for disclosure of fair value measurements categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs include observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities. Level 2 inputs include inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. Level 3 inputs include unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

The initial measurement of asset retirement obligations at fair value is calculated using discounted cash flow techniques and based on internal estimates of future retirement costs associated with property, plant and equipment. Significant Level 3 inputs used in the calculation of asset retirement obligations include plugging costs, inflation rates, discount rates and reserve lives. A reconciliation of the Company's asset retirement obligations is presented in Note 3. Fair value measurements are also used for impairment purposes most notably related to oil and natural gas properties. Significant Level 3 inputs used in the calculation of fair value takes into consideration of number of assumptions such as future net revenues associated the production and sale of oil and natural gas, future prices, estimates of costs and expenses, timing of production, inflation rates, cost of capital discount rates, future development of prospects and current economic conditions.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued an ASU update for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In May 2020, the FASB extended the effective date of this standard, so the ASU is now effective for annual reporting periods beginning after December 15, 2021, including interim periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. Accordingly, the standard was early adopted by the Company on January 1, 2020. The standard was applied utilizing a modified retrospective approach and is reflected in these consolidated financial statements. See Note 9.



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NOTE 3 - ASSET RETIREMENT OBLIGATIONS

The following is a summary of the changes in the asset retirement obligations for the years ended December 31:

	2020	2019
Beginning of year	\$ 751,733	\$ 722,088
Liabilities incurred	16,075	-
Accretion expense	30,983	29,645
End of year	\$ 798,791	\$ 751,733

NOTE 4 - LINES OF CREDIT

During April 2018, GGULL entered into a credit facility agreement for: (1) a \$41,000,000 committed line of credit (the "Working Capital Line of Credit"), and (2) an uncommitted line of credit (the "Uncommitted Working Capital Line of Credit") for \$10,000,000. In April 2019, the credit facility matured and GGULL entered into a new credit agreement and increased its committed Working Capital Line of Credit amount to \$50,000,000 and its Uncommitted Working Capital Line of Credit to \$20,000,000 both of which matured in April 2020. Borrowings under the Line of Credit accrued interest at the one-month LIBOR plus 0.585% and is payable monthly. The Working Capital Line of Credit had a commitment fee equal to 0.05% per annum times the average daily amount by which the commitment exceeds the outstanding principal amount. The commitment fee accrued at all times, as defined, and was due and payable in arrears on the last day of each interest period. The Working Capital Line of Credit is guaranteed by the Company's Parent for no annual fee.

During April 2020, GGULL entered into a credit facility agreement for: (1) a \$55,000,000 committed line of credit (the "New Working Capital Line of Credit"), and (2) an uncommitted line of credit (the "New Uncommitted Working Capital Line of Credit") for \$15,000,000, both of which mature in April 2021. Borrowings under the New Working Capital Line of Credit accrue interest at the one-month LIBOR (0.14388% at December 31, 2020, the last business day of the period) plus 0.50% and is payable monthly. The New Working Capital Line of Credit has a commitment fee equal to 0.10% per annum times the average daily amount by which the commitment exceeds the outstanding principal amount. The commitment fee will accrue at all times, as defined, and will be due and payable in arrears on the last day of each interest period. The New Working Capital Line of Credit is guaranteed by the Company's Parent for no annual fee. The outstanding balance on the New Working Capital Line of Credit at December 31, 2020 and 2019 was \$33,315,009 and \$51,693,018, respectively.

During September 2017, GGULL entered into two letter of credit facility agreements to provide for: (1) a \$100,000,000 committed line of credit ("Letter of Credit Line"), and (2) a \$25,000,000 uncommitted line of credit ("Uncommitted Line of Credit"). These facilities were used for the issuance of standby letters of credit to accommodate the purchase of natural gas. The agreements which initially matured in September 2018 were first amended in September 2018 to mature on September 27, 2019 and thereafter amended in June 2019 to further extend the maturity date to September 27, 2020. The Letter of Credit Line had a commission fee of 0.25% on the average daily amount of obligations outstanding, and a facility fee equal to 0.25% per annum times the average daily amount by which the commitment exceeds the outstanding Letter of Credit Line obligation amount. The facility fees and commission fees for the immediately preceding quarter are payable on the first business day of the quarter. The Letter of Credit Line was guaranteed by the Company's Parent for no annual fee.



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NOTE 4 - LINES OF CREDIT (CONTINUED)

In July 2020, GGULL further amended the \$100,000,000 Letter of Credit Line and the \$25,000,000 Uncommitted Line of Credit to extend the maturity date from September 27, 2020 to September 27, 2021. The remaining terms are similar to those under its prior agreement except the original commission fees have been revised to be 0.275% of the aggregate amount available to be drawn after September 28, 2020. The Letter of Credit Line continues to be guaranteed by the Company's Parent. At December 31, 2020 and 2019, for both years the issued letters of credit under the Letter of Credit Line totaled \$100,000,000..

During December 2018, the Company entered into a Credit Facility Agreement for borrowings of up to \$85,000,000 (the "Previous Line of Credit") with a bank, matured on December 19, 2019. Borrowings under the Previous Line of Credit accrued interest at the one-month LIBOR plus 0.40% and was payable monthly. The Previous Line of Credit had a commitment fee equal to 0.05% per annum times the average daily amount by which the commitment exceeded the outstanding principal amount. The commitment fee accrued at all times, as defined, and was due and payable in arrears on the last day of each interest period. The Previous Line of Credit was guaranteed by the Parent for an annual fee of 0.41324% payable quarterly in advance calculated based on the outstanding principal plus overdue interest.

During December 2019, the Company entered into a Credit Facility Agreement for borrowings of up to \$75,000,000 (the "Line of Credit") with a bank. The outstanding balance on the Line of Credit at December 31, 2019 was \$73,000,000 and matured on December 18, 2020. Borrowings under the Line of Credit accrued interest at the one-month LIBOR plus 0.45% and was payable monthly. The Line of Credit was guaranteed by the Parent for an annual fee of 0.44333% payable quarterly in advance calculated based on the outstanding principal plus overdue interest.

During December 2020, the Company entered into a Credit Facility Agreement for borrowings of up to \$72,500,000 (the "New Line of Credit") with a bank. The outstanding balance on the New Line of Credit at December 31, 2020 was \$72,000,000 and matures on December 17, 2021. Borrowings under the New Line of Credit accrue interest at the one-month LIBOR (0.14388% at December 31, 2020) plus 0.39% and is payable monthly. The New Line of Credit is guaranteed by the Parent for an annual fee of 0.43% payable quarterly in arrears, calculated based on the outstanding principal plus overdue interest.

The following table comprises the outstanding lines of credit balance at December 31:

	2020	2019
Line of credit	\$ 72,000,000	\$ 73,000,000
Working capital line of credit	<u>33,315,009</u>	<u>51,793,018</u>
Lines of credit	<u>\$ 105,315,009</u>	<u>\$ 124,793,018</u>



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NOTE 5 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using a U.S. Federal statutory corporate rate of 21% as of December 31, 2020 and 2019. Significant components of the Company's net deferred tax liability as of December 31 are as follows:

	2020	2019
Differences in depletion, depreciation and amortization of property for tax purposes	\$ (8,180,058)	\$ (7,968,394)
Net operating loss carryforward	7,851,754	7,039,419
Section 263A capitalization	-	256,895
Capitalized interest expense	<u>(1,315,274)</u>	<u>(1,315,459)</u>
Total deferred tax liability, net	<u>\$ (1,643,578)</u>	<u>\$ (1,987,539)</u>

The Company has a federal net operating loss carryforward available at December 31, 2020 amounting to approximately \$76.2 million, of which \$67.8 million begins to expire in 2035 and \$8.4 million will be carried forward indefinitely. Maryland generally follows the federal rules with respect to the treatment of NOL's. At December 31, 2020 the Company has a state net operating loss carryforward of \$5.8 million.

The 2017 CARES Act provisions relating to NOL's are not expected to result in any material impacts to the Company's tax attributes. At December 31, 2020 and 2019, a tax effected valuation allowance totaling approximately \$8.5 million and \$7.4 million, respectively, has been recorded and is reflected as a reduction of the net operating loss carryforward.

The differences between the U.S. Federal statutory corporate rate of 21% and the current income tax rates realized for the years ended December 31, 2020 and 2019 are due to several factors primarily resulting from the Company's LNG operations, which commenced in Maryland during 2018, to which state income taxes are applicable. Accordingly, in 2018 the Company established deferred state income taxes related to its Maryland LNG operations. The 2017 CARES Act, which came into effect during the 2018 tax year, phased out the alternative minimum ("AMT") tax and the Company recorded an AMT tax receivable during 2019 totaling approximately \$196,000 with the corresponding amount recorded as a tax benefit. During the year ended December 31, 2020, an additional \$46,000 of AMT receivable was recorded and ultimately a total of approximately \$242,000 has been collected during the year ended December 31, 2020 with no balance remaining to be collected.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company recorded interest expense related to the Parent's guarantee of the lines of credit for the years ended December 31, 2020 and 2019 totaling \$322,747 and \$321,895, respectively.

The Company recorded general and administrative expenses incurred by its Parent on behalf of the Company of \$296,290 and \$462,366 during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, \$20,291 and \$213,435, respectively, was unpaid and included in Accounts Payable.



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NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)

GGULL recorded LNG revenue from sales to Parent of approximately \$680 million and \$769 million, respectively, during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, Accounts Receivable - Parent included approximately \$89 million and \$103 million, respectively, related to these sales.

GGULL recorded LNG over/(under) recovery in costs as a true-up provision to be adjusted in subsequent periods through LNG pricing adjustments to Parent of approximately \$(4) million and \$4 million for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, Accounts Payable included approximately \$158,000 and \$4 million, respectively, related to this true-up provision.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be party to legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not expect these matters to have a material adverse effect on the financial positions or results of operations of the Company.

During 2018, DECP claimed certain force majeure events resulted in export in-service delays and service interruptions in DECP's Cove Point Terminal, which were not accepted by GGULL. DECP did not make payment of export in-service delay damages to GGULL in the amount of \$4.47 million because DECP claimed the delays were due to force majeure. GGULL disputed and deducted an aggregate amount of \$14.06 million out of the total amounts invoiced by DECP during the year ended December 31, 2018 because of certain service failure credits, additional service failure credits and remarketing losses, which DECP claimed as service failures arising due to force majeure. In July 2020, GGULL and DECP entered into a Settlement Agreement, whereby both parties have mutually resolved these matters and have agreed to fully waive their aforesaid respective claims. The impact of the Settlement Agreement does not re

The operations and financial positions of the Company continue to be affected from time to time in varying degrees by domestic political developments as well as legislation and regulations pertaining to restrictions on oil and gas production, imports and exports, gas regulation, environmental regulations and cancellation of contract rights. Both the likelihood and overall effect of such occurrences on the Company vary and are not predictable.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, accounts receivable and debt. The Company maintains its cash with financial institutions it believes have a high credit quality. The Company at times maintains bank deposits in excess of federally-insured limits. The possibility of a loss exists if the bank holding excess deposits was to fail. All of the Company's accounts receivable resulting from oil, natural gas and NGL sales are from the operator of 100% of the Company's net interest in its properties. To mitigate this credit risk, the Company closely monitors the payment history and credit worthiness of the operator. All of the Company's accounts receivable resulting from LNG sales are from its Parent.



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NOTE 8 - CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS (CONTINUED)

The carrying value of the Working Capital Line of Credit and the Line of Credit approximates fair value because the interest rate is based on current floating market rates commensurate with debt instruments that carry similar credit risk. Since the Company's debt instruments have floating interest rates that are based on one-month LIBOR, the Company is exposed to interest rate risk.

Interest expense will fluctuate as LIBOR increases and decreases and due to changes in borrowing activities. Based on the December 31, 2020 balance of debt outstanding, a 1% change in LIBOR will cause interest expense to increase or decrease by approximately \$1.1 million.

NOTE 9 - LEASES

Effective January 1, 2020, the Company adopted ASU No. 2016-02, Leases (Topic 842), and all related amendments ("ASC 842") using the modified retrospective approach. In July 2018, the FASB approved an optional transition method that removed the requirement to restate prior period financial statements upon adoption of the standard with a cumulative-effect adjustment to retained earnings in the period of adoption. As a result, the comparative period information has not been restated and continues to be reported under the accounting standards in effect for the period presented. The adoption of ASC 842 had no impact to previously reported results of operations or cash flows.

The adoption of ASC 842 resulted in the recognition of operating lease liability totaling \$147,476, based upon the present value of the remaining minimum rental payments using discount rates as of the adoption date. The Company recorded a corresponding right-of-use asset totaling \$142,632 based upon the operating lease liability adjusted for deferred rent and lease incentives and a \$4,844 cumulative effect of initially adopting ASC 842 as an adjustment to the opening balance of accumulated deficit.

At December 31, 2020, the right-of-use asset total \$142,632 and the operating lease liability totaled \$147,476.

The Company is subject to future minimum rental payments for operating leases for office space. The office lease was executed in February 2018 and expires March 31, 2024.

Future minimum rental commitments are as follows:

Year Ended	
<u>December 31,</u>	
2021	\$ 47,661
2022	45,322
2023	46,661
2024	<u>7,832</u>
	<u>\$ 147,476</u>

Total lease costs for the operating leases was \$70,359 and \$75,639 for the years ended December 31, 2020 and 2019, respectively.



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NOTE 10 - SUBSEQUENT EVENTS

Due to the continued effects of the COVID-19 outbreak on global demand, West Texas Intermediate ("WTI") oil prices declined. However, there is no certainty that future prices will remain at that level. If the depressed pricing environment continues for an extended period, it may in the future lead to (i) a reduction in oil and natural gas reserves, including the possible removal of proved undeveloped reserves (ii) impairment of proved and/or unproved oil and natural gas properties and (iii) reductions in future borrowings under the Company's Line of Credit.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic and a low oil price environment continues, it will have a material adverse effect on the Company's operating cash flows, liquidity and future development plans.

The Company has evaluated subsequent events through February 3, 2021, the date the financial statements were available to be issued and have determined that there are no other subsequent events to be reported.

Supplementary Information



GAIL Global (USA) Inc. and Subsidiary

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Consolidated Fixed Assets Rollforward

Year Ended December 31, 2020

	COST			DEPLETION, DEPRECIATION AND AMORTIZATION				NET BOOK VALUE		
	Balance at December 31, 2019	Additions/ Transfers	Retirements	Balance at December 31, 2020	Balance at December 31, 2019	Additions/ Transfers	Retirements	Balance at December 31, 2020	December 31,	
									2019	2020
Oil and Natural Gas Properties										
Leasehold costs (evaluated and unevaluated)	\$ 25,127,372	\$ 5,604	\$ -	\$ 25,132,976	\$ 4,854,537	\$ 986,579	\$ -	\$ 5,841,116	\$ 20,272,835	\$ 19,291,860
Drilling costs	33,459,849	530,937	-	33,990,786	19,493,042	2,033,370	-	21,526,412	13,966,807	12,464,374
Completion costs	59,902,675	191,598	-	60,094,273	31,724,825	3,878,735	-	35,603,560	28,177,850	24,490,713
Production equipment and facilities	10,207,544	65,801	-	10,273,345	5,342,398	673,456	-	6,015,854	4,865,146	4,257,491
ARO and capitalized interest (evaluated and unevaluated)	4,526,059	187,915	-	4,713,974	1,471,518	111,743	-	1,583,261	3,054,541	3,130,713
Total	133,223,499	981,855	-	134,205,354	62,886,320	7,683,883	-	70,570,203	70,337,179	63,635,151
<i>Wells in progress costs</i>										
Drilling costs	-	-	-	-	-	-	-	-	-	-
Total wells in progress costs	-	-	-	-	-	-	-	-	-	-
Total oil and natural gas properties	133,223,499	981,855	-	134,205,354	62,886,320	7,683,883	-	70,570,203	70,337,179	63,635,151
Other										
Office equipment	69,691	-	-	69,691	17,007	11,117	-	28,124	52,684	41,567
Total other	69,691	-	-	69,691	17,007	11,117	-	28,124	52,684	41,567
Grand total	\$ 133,293,190	\$ 981,855	\$ -	\$ 134,275,045	\$ 62,903,327	\$ 7,695,000	\$ -	\$ 70,598,327	\$ 70,389,863	\$ 63,676,718

See independent auditors' report on supplementary information.



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Consolidated Fixed Assets Rollforward

Year Ended December 31, 2019

	COST			DEPLETION, DEPRECIATION AND AMORTIZATION			NET BOOK VALUE			
	Balance at December 31, 2018	Additions/ Transfers	Retirements	Balance at December 31, 2019	Balance at December 31, 2018	Additions/ Transfers	Retirements	Balance at December 31, 2019	December 31,	
									2018	2019
Oil and Natural Gas Properties										
Leasehold costs (evaluated and unevaluated)	\$ 24,873,498	\$ 253,874	\$ -	\$ 25,127,372	\$ 3,425,650	\$ 1,428,887	\$ -	\$ 4,854,537	\$ 21,447,848	\$ 20,272,835
Drilling costs	32,983,095	476,754	-	33,459,849	16,275,760	3,217,282	-	19,493,042	16,707,335	13,966,807
Completion costs	58,783,589	1,119,086	-	59,902,675	25,594,308	6,130,517	-	31,724,825	33,189,281	28,177,850
Production equipment and facilities	9,986,541	221,003	-	10,207,544	4,300,035	1,042,363	-	5,342,398	5,686,506	4,865,146
ARO and capitalized interest (evaluated and unevaluated)	4,140,636	385,423	-	4,526,059	1,324,773	146,745	-	1,471,518	2,815,863	3,054,541
Total	130,767,359	2,456,140	-	133,223,499	50,920,526	11,965,794	-	62,886,320	79,846,833	70,337,179
<i>Wells in progress costs</i>										
Drilling costs	-	-	-	-	-	-	-	-	-	-
Total wells in progress costs	-	-	-	-	-	-	-	-	-	-
Total oil and natural gas properties	130,767,359	2,456,140	-	133,223,499	50,920,526	11,965,794	-	62,886,320	79,846,833	70,337,179
Other										
Office equipment	38,082	31,609	-	69,691	7,212	9,795	-	17,007	30,870	52,684
Total other	38,082	31,609	-	69,691	7,212	9,795	-	17,007	30,870	52,684
Grand total	\$ 130,805,441	\$ 2,487,749	\$ -	\$ 133,293,190	\$ 50,927,738	\$ 11,975,589	\$ -	\$ 62,903,327	\$ 79,877,703	\$ 70,389,863

See independent auditors' report on supplementary information.