

**NATURAL GAS COMPANY, LLC AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2020

**NATURAL GAS COMPANY, LLC AND SUBSIDIARIES TABLE
OF CONTENTS
DECEMBER 31, 2020**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheet	3
Consolidated Statement of Income	5
Consolidated Statement of Comprehensive Income (Loss)	6
Consolidated Statement of Members' Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	10
SUPPLEMENTARY INFORMATION	
Consolidating Balance Sheet	16
Consolidating Statement of Comprehensive Income (Loss)	17

INDEPENDENT AUDITORS' REPORT

To the Members
Natural Gas Company, LLC

We have audited the accompanying consolidated financial statements of Natural Gas Company, LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of income, comprehensive income (loss), members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors consider 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 Natural Gas Company, LLC and Subsidiaries as of December 31, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of comprehensive income (loss) as of and for the year ended December 31, 2020, 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

May 24, 2021

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 15,820,267
Accounts receivable	69,651,916
Inventories	8,106,360
Prepaid expenses and other assets	1,898,124
Assets from price risk management activities	355,552
Due from related parties	<u>2,519,013</u>

Total current assets	<u>98,351,232</u>
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PROPERTY AND EQUIPMENT

Property and equipment	1,588,238
Accumulated depreciation	<u>(1,496,411)</u>

Total property and equipment, net	<u>91,827</u>
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OTHER ASSETS

Loan costs, net	269,396
Assets from price risk management activities	<u>3,480,415</u>

Total other assets	<u>3,849,811</u>
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TOTAL ASSETS	<u><u>\$ 102,292,870</u></u>
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See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2020

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 35,191,058
Accrued expenses	27,437,211
Advance gas sales	768,869
Line of credit	15,000,000
Deposits	<u>3,000,000</u>

Total current liabilities	<u>81,397,138</u>
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NOTE PAYABLE	10,000,000
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MEMBERS' EQUITY

Members' equity	7,745,971
Accumulated comprehensive income	<u>3,149,761</u>

Total members' equity	<u>10,895,732</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 102,292,870</u></u>
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See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

GAS AND OIL SALES	\$ 509,728,646
GAS AND OIL COSTS	<u>496,847,459</u>
GROSS PROFIT	12,881,187
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>11,732,250</u>
INCOME FROM OPERATIONS	1,148,937
OTHER INCOME (EXPENSE)	
Other income	86,977
Grant income from forgivable debt	1,013,500
Impairment of investment (see Note 3)	<u>(1,000,000)</u>
Total other income (expense)	<u>100,477</u>
NET INCOME	<u><u>\$ 1,249,414</u></u>

See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2020

NET INCOME	\$ 1,249,414
OTHER COMPREHENSIVE INCOME (LOSS)	
Reclassification adjustment for (losses) gains included in net income	(3,186,543)
Comprehensive income (loss) on cash flow hedges	<u>(861,388)</u>
TOTAL OTHER COMPREHENSIVE LOSS	<u>(4,047,931)</u>
TOTAL COMPREHENSIVE LOSS	<u><u>\$ (2,798,517)</u></u>

See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Members'	Accumulated	
	Equity	Comprehensive	
	Income	Total	
BALANCE AT DECEMBER 31, 2019	\$ 7,605,415	\$ 7,197,692	\$ 14,803,107
Net income	1,249,414	-	1,249,414
Distributions	(1,108,858)	-	(1,108,858)
Other comprehensive loss	-	(4,047,931)	(4,047,931)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2020	<u><u>\$ 7,745,971</u></u>	<u><u>\$ 3,149,761</u></u>	<u><u>\$ 10,895,732</u></u>

See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 1,249,414
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	27,515
Impairment of investment	1,000,000
Interest expense resulting from the amortization of debt issuance costs	123,769
Grant income from forgivable debt	(1,013,500)
Change in accounts receivable	18,427,782
Change in inventories, net	6,228,265
Change in prepaid expenses and other assets	556,189
Change in assets from price risk management activities	123,741
Change in accounts payable	6,543,998
Change in accrued expenses	(25,296,114)
Change in advance gas and oil sales	<u>(90,557)</u>
Net cash provided by operating activities	<u>7,880,502</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Change in due from related parties	(2,519,013)
Purchase of property and equipment	<u>(78,418)</u>
Net cash used in investing activities	<u>(2,597,431)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions	(1,108,858)
Proceeds from forgivable debt to government entity	1,013,500
Payment of debt issuance costs	<u>(336,394)</u>
Net cash used in financing activities	<u>(431,752)</u>

See notes to the consolidated financial statements.

NATURAL GAS COMPANY, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

INCREASE IN CASH AND CASH EQUIVALENTS	\$ 4,851,319
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,968,948</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 15,820,267</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	<u><u>\$ 509,891</u></u>
SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING, INVESTING, AND FINANCING ACTIVITIES	
Change in fair value of price risk management activities	<u><u>\$ (4,047,931)</u></u>
Impairment of investment	<u><u>\$ 1,000,000</u></u>

See notes to the consolidated financial statements.

**NATURAL GAS COMPANY, LLC AND SUBSIDIARIES NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding Natural Gas Company, LLC and Subsidiaries' consolidated financial statements. The consolidated financial statements and notes are representations of Natural Gas Company, LLC and Subsidiaries' management, who is responsible for their integrity and objectivity.

Business Organization and Activity

Natural Gas Company, LLC, through its parent company, was incorporated in 1985 for the purpose of providing marketing services to natural gas producers and end users under both short-term and long-term contracts with customers, ranging from small commercial to large industrial companies to local municipalities.

Industrial Energy Marketing, LLC, a wholly-owned subsidiary of Natural Gas Company, LLC, was organized for the purpose of marketing natural gas to industrial customers and other end users under both short-term and long-term contracts.

Crude and Hydrocarbons, LLC, a wholly-owned subsidiary of Natural Gas Company, LLC, was organized on August 22, 2012, for the purpose of marketing crude oil for producers.

Principles of Consolidation

The accompanying consolidated financial statements include Natural Gas Company, LLC (the Parent) and its wholly-owned subsidiaries, Industrial Energy Marketing, LLC and Crude and Hydrocarbons, LLC (collectively known as the Company). All significant intercompany account balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with 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 these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, margin accounts, deposits subject to immediate withdrawal, and highly liquid investments with original maturities of three months or less. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable

The Company reports trade accounts receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance or against earnings. As of December 31, 2020, management has determined that an allowance for doubtful accounts is not considered necessary.

The Company has an outstanding receivable in the amount of \$1,096,626 for accumulated price disputes from a certain customer during the contract term that ended in March 2020. Management contends the amounts due the Company are valid and fully collectible.

Inventories

Inventories consist entirely of stored natural gas and crude oil valued at the lower of cost or net realizable value, with cost determined by the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and includes expenditures which substantially increase the useful lives of existing property and equipment. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to seven years. Depreciation expense for the year ended December 31, 2020, was \$27,515.

Loan Costs

Direct costs incurred in connection with obtaining financing are capitalized and amortized over the terms of the related debt instrument. Amortization of financing costs of \$123,769 is included in gas and oil costs in the accompanying consolidated statement of income.

Accrued Crude Oil Purchases

At December 31, 2020, the Company had \$22,164,956 accrued from crude oil purchases. This amount is included in accrued expenses in the accompanying consolidated balance sheet.

Fair Value Measurements

The Company applies the provisions of the Accounting Standards Codification (ASC) for fair value measurement of financial assets and liabilities. These provisions define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurement. The ASC also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under the provisions of the ASC, fair value measurements are disclosed by level within that hierarchy.

The Company also applies the provisions of the ASC for fair value measurement of nonfinancial assets and liabilities. These measurements occur on a nonrecurring basis, and recognition at fair value occurs when nonfinancial assets and liabilities are deemed to be other-than-temporarily impaired.

Financial Instruments Measured at Fair Value

Fair values of derivative instruments designated and qualifying as “cash flow” hedges consist of open and closed futures positions and swap agreements and physical forward sales and purchase contracts. This valuation is a Level 2 (significant other observable inputs) valuation under the fair value measurement hierarchy defined in the ASC.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

Fair Value Measurement at Report Date Using				
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
ASSETS				
Assets from price risk management activities	\$ 3,835,967	\$ -	\$ 3,835,967	\$ -
Total Assets	\$ 3,835,967	\$ -	\$ 3,835,967	\$ -

Financial Instruments Not Measured at Fair Value

Some of the Company's financial instruments are not measured at fair value on a recurring basis but, nevertheless, are recorded at amounts that approximate fair value due to their liquid or short term natures. Such financial assets and financial liabilities include: cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable. The recorded values of the notes payable approximate their fair values, as interest approximates market rates.

Advance Gas Sales

Advance gas sales consist of prepayments from customers who have been designated as collection risks. Payments are taken into earnings as gas is delivered to the customer. Prepayments totaling \$668,869 were collected as of December 31, 2020, and are recorded as advance gas sales in the accompanying consolidated balance sheet.

Taxes Assessed by Governmental Authorities on Sales Revenue

The Company collects various taxes from customers and remits these amounts to applicable taxing authorities. The Company's accounting policy is to exclude these taxes from sales revenue and cost of sales.

Advances to Related Parties

During 2020, certain executive management of the Company were advanced \$1,369,013 from the Company. During 2020, the Company advanced \$1,150,000 to a related party through common ownership. The advances are non-interest bearing, due on demand, and included in due from related parties in the accompanying consolidated balance sheet.

Revenue Recognition

The Company earns revenue from the marketing of natural gas and crude oil. Revenue from these transactions is recognized when the product or service is delivered or provided to the customer. Commission revenues are recognized in the period the services are performed. Transportation revenues are recognized in the period natural gas is delivered. Revenue during the year ended December 31, 2020, is disaggregated in the table below:

Natural gas sales	\$ 264,381,235
Crude oil sales	244,508,248
Commissions	477,251
Transportation	361,912
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	\$ 509,728,646

Income Taxes

The Company's parent company has elected under the Internal Revenue Code to be taxed as a limited liability company. In lieu of corporate income taxes, the members of a limited liability company are taxed on their proportionate shares of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

The Company's parent Company applies the provisions of the ASC relating to uncertainty in income taxes. This guidance requires entities to assess their uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service examination or upon examination by state taxing authorities. The Company's parent company has determined that it does not have any positions at December 31, 2020, that it would be unable to substantiate. The Company's parent company has filed its tax returns for all years through December 31, 2019.

Subsequent Events

Management has evaluated subsequent events and their potential effects on the consolidated financial statements through April 28, 2021 which is the date the consolidated financial statements were available to be issued.

3. INVESTMENT

During 2018, the Company purchased a net revenue interest in various oil wells from a related party through common ownership for \$1,000,000. This investment entitles the Company to a return in the net revenues from the various oil wells. No profits were recognized from this investment. During 2020, the Company deemed the fair value of the investment to be \$0 and recorded an impairment charge of \$1,000,000. The impairment charge has been recorded in other income (expense) in the accompanying consolidated statement of income.

4. ACCRUED EXPENSES

At December 31, 2020, accrued expenses consist of the following:

Sales tax payable	\$ 369,934
Accrued oil purchases	22,164,956
Severance tax payable	701,203
Commissions payable	1,460,220
Interest and fees payable	761,337
Management service profit sharing (see Note 10)	1,887,039
Miscellaneous accruals	92,522
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	\$ 27,437,211

5. LINE OF CREDIT

The Company has a credit agreement with a Bank. The agreement initially had a maximum credit limit of \$40,000,000. Effective March 5, 2020, the maximum credit limit was increased to \$50,000,000 until May 28, 2020, at such time the limit was automatically reduced to \$40,000,000.

At December 31, 2020, the Company has elected an available line of credit limit for its use up to \$40,000,000. At December 31, 2020, cash advances outstanding under the line of credit totaled \$15,000,000. The line of credit accrues interest at a variable rate of 2.525% at December 31, 2020. Bank fees charged during 2020 consisted of credit fees (letters-of-credit fees, commitment fees, and agency fees) of \$505,516, interest expense of \$263,654, and amortization of financing costs in the amount of \$123,769. As of December 31, 2020, the Company had \$13,446,604 outstanding through letters of credit.

The line of credit and letters of credit are secured by substantially all the assets of the Company and will expire on December 26, 2022. The Company was in compliance with all restrictive covenants of the credit agreement on December 31, 2020.

6. NOTE PAYABLE

The Company has a credit agreement with an unrelated party for \$10,000,000, which bears interest at a rate of 2.00% above the unrelated party's cost of funds (5.20% at December 31, 2020) for all outstanding advances under the revolving credit facility. Total interest on the credit facility amounted to \$182,639, which is recorded against gas and oil cost in the accompanying consolidated statement of income. The credit agreement matures in May 2022.

7. PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Company obtained a \$1,013,500 loan from a Bank under the Paycheck Protection Plan (PPP) in April 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. Subsequent to year end, the Small Business Administration (SBA) approved forgiveness of the loan. Management has elected to analogize to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which states that a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The amount of loan forgiveness is presented as a component of other income in the consolidated statement of income for the year ended December 31, 2020.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Company received the proper loan amount. The timing and outcome of any SBA review is unknown.

Subsequent to year end, the Company obtained a \$927,125 loan from a Bank under the PPP. The promissory note bears interest at 1%. The repayment date is scheduled to begin 30 days after the last day of the deferment period. The Company intends to apply for full forgiveness of the loan and interest in 2021.

8. LEASE OBLIGATIONS

The Company leases office space under noncancellable operating leases. Rental expense under these leases for 2020 was \$587,139. Future minimum lease payments are as follows:

2021	\$ 589,757
2022	601,148
2023	593,669
2024	510,416
2025	459,572
Thereafter	935,432
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	\$ 3,689,994

9. COMMITMENTS

The Company has an agreement to purchase up to 20,000 MMBtus per day at \$2.50 at such time as the counterparty elects to sell gas at this price to the Company. The agreement runs through March 2025.

10. MANAGEMENT SERVICE AGREEMENTS

The Company has a management service agreement with an unrelated party to manage its retail sales of natural gas through December 31, 2025. At December 31, 2020, the Company was due \$16,460,388 from this unrelated party for management services and the sale of natural gas. This amount is included in accounts receivable in the accompanying consolidated financial statements. As part of the agreement, the unrelated party receives 30% of gross profits from natural gas sales, as defined in the agreement. At December 31, 2020, \$1,887,039 was due to the unrelated party for the above 30% along with certain unreimbursed expenses and is recorded in accrued expenses in the accompanying consolidated financial statements.

**SUPPLEMENTARY INFORMATION
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2020**

	Natural Gas Company, LLC	Industrial Energy Marketing, LLC	Crude and Hydrocarbon, LLC	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 15,588,866	\$ 166,067	\$ 65,334	\$ -	\$ 15,820,267
Accounts receivable	15,808,884	33,338,575	20,504,457	-	69,651,916
Due from affiliates	-	1,156,640	7,804,362	(8,961,002)	-
Inventories	7,106,029	-	1,000,331	-	8,106,360
Prepaid expenses and other assets	1,676,763	132,841	88,520	-	1,898,124
Assets from price risk management activities	481,320	-	-	(125,768)	355,552
Due from related parties	2,519,013	-	-	-	2,519,013
Total current assets	43,180,875	34,794,123	29,463,004	(9,086,770)	98,351,232
PROPERTY AND EQUIPMENT					
Property and equipment	1,260,636	171,984	155,618	-	1,588,238
Accumulated depreciation	(1,186,079)	(154,714)	(155,618)	-	(1,496,411)
Total property and equipment, net	74,557	17,270	-	-	91,827
OTHER ASSETS					
Loan costs, net	269,396	-	-	-	269,396
Assets from price risk management activities	3,314,563	165,852	-	-	3,480,415
Investment in subsidiaries	7,673,263	-	-	(7,673,263)	-
Total other assets	11,257,222	165,852	-	(7,673,263)	3,749,811
TOTAL ASSETS	\$ 54,512,654	\$ 34,977,245	\$ 29,463,004	\$ (16,760,033)	\$ 102,192,870
CURRENT LIABILITIES					
Accounts payable	\$ 17,469,090	\$ 17,425,023	\$ 296,945	\$ -	\$ 35,191,058
Due to affiliates	8,961,002	-	-	(8,961,002)	-
Accrued expenses	1,580,517	2,849,873	23,006,821	-	27,437,211
Advance gas sales	606,313	62,556	-	-	668,869
Line of credit	15,000,000	-	-	-	15,000,000
Liabilities from price risk management activities	-	125,768	-	(125,768)	-
Deposits	-	3,000,000	-	-	3,000,000
Total current liabilities	43,616,922	23,463,220	23,303,766	(9,086,770)	81,297,138
NOTE PAYABLE	-	10,000,000	-	-	10,000,000
MEMBERS' EQUITY					
Members' equity	7,745,971	2,002,258	6,159,238	(8,161,496)	7,745,971
Accumulated comprehensive income	3,149,761	(488,233)	-	488,233	3,149,761
Total members' equity	10,895,732	1,514,025	6,159,238	(7,673,263)	10,895,732
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 54,512,654	\$ 34,977,245	\$ 29,463,004	\$ (16,760,033)	\$ 102,192,870

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Natural Gas Company, LLC	Industrial Energy Marketing, LLC	Crude and Hydrocarbon, LLC	Eliminations	Total
GAS AND OIL SALES	\$ 141,409,431	\$ 138,253,398	\$ 244,508,248	\$ (14,442,431)	\$ 509,728,646
GAS AND OIL COSTS	139,974,094	130,355,850	241,142,584	(14,625,069)	496,847,459
GROSS PROFIT	1,435,337	7,897,548	3,365,664	182,638	12,881,187
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	8,311,837	1,900,212	1,510,201	-	11,722,250
INCOME (LOSS) FROM OPERATIONS	(6,876,500)	5,997,336	1,855,463	182,638	1,158,937
OTHER INCOME (EXPENSE)					
Other income (expense)	63,597	196,018	-	(182,638)	76,977
Grant income from forgivable debt	1,013,500	-	-	-	1,013,500
Impairment of investment	(1,000,000)	-	-	-	(1,000,000)
Equity income from subsidiaries	8,048,817	-	-	(8,048,817)	-
Total other income (expense)	8,125,914	196,018	-	(8,231,455)	90,477
NET INCOME	1,249,414	6,193,354	1,855,463	(8,048,817)	1,249,414
OTHER COMPREHENSIVE INCOME (LOSS)					
Reclassification adjustment	(3,186,543)	(417,712)	-	417,712	(3,186,543)
Comprehensive income (loss)	(861,388)	(622,205)	-	622,205	(861,388)
Total other comprehensive income (loss)	(4,047,931)	(1,039,917)	-	1,039,917	(4,047,931)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ (2,798,517)	\$ 5,153,437	\$ 1,855,463	\$ (7,008,900)	\$ (2,798,517)