



Public Utilities Commission

PUCO USE ONLY - Version 1.07		
Date Received	Renewal Certification Number	ORIGINAL CRS Case Number
	65-854	- GA-CRS

RENEWAL CERTIFICATION APPLICATION COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

Please type or print all required information. Identify all attachments with an exhibit label and title (*Example: Exhibit A-16 - Company History*). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form. You may also download the form by saving it to your local disk.

SECTION A - APPLICANT INFORMATION AND SERVICES

A-1 Applicant intends to renew its certificate as: (check all that apply)

☐ Retail Natural Gas Aggregator ☐ Retail Natural Gas Broker ☒ Retail Natural Gas Marketer

A-2 Applicant information:

Legal Name Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services
Address 1415 Louisiana Street, Suite 4200, Houston, TX 77002
Telephone No. 888-200-3788 Web site Address www.ContinuumEnergyServices.com
Current PUCO Certificate No. 05-101G(5) Effective Dates Aug 22, 2013 to Aug 22, 2015

A-3 Applicant information under which applicant will do business in Ohio:

Name Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services
Address 11490 Westheimer Road, Suite 200, Houston, TX 77077
Web site Address www.ContinuumEnergyServices.com Telephone No. 888-200-3788

A-4 List all names under which the applicant does business in North America:

Lakeshore Energy Services, L.L.C. dba Continuum Energy Continuum Retail Energy Services, L.L.C.
Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services
Continuum Energy Services, L.L.C.

A-5 Contact person for regulatory or emergency matters:

Name Tim Muller Title Sr. Attorney
Business Address 1415 Louisiana Street, Suite 4200, Houston, TX 77002
Telephone No. 713-341-4645 Fax No. Email Address tmuller@continuumes.com

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

Technician _____ Date Processed _____

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A-6 Contact person for Commission Staff use in investigating customer complaints:

Name Lindsey Margiotta Title Director, Retail Operations
Business address 11490 Westheimer Road, Suite 200, Houston, TX 77077
Telephone No. 281-582-0614 Fax No. 713-395-1895 Email Address lmargiotta@continuumes.com

A-7 Applicant's address and toll-free number for customer service and complaints

Customer service address 11490 Westheimer Road, Suite 200, Houston, TX 77077
Toll-Free Telephone No. 888-200-3788 Fax No. 713-395-1895 Email Address customerchoice@continuumes.com

A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee

Name CT Corporation Title Registered Agent
Business address 1300 East 9th Street, Cleveland, OH 44114
Telephone No. 888-200-3788 Fax No. 713-395-1895 Email Address customerchoice@continuumes.com

A-9 Applicant's federal employer identification number 27-002-5529

A-10 Applicant's form of ownership: (Check one)

- | | |
|--------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other |

A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers*. (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)

<input checked="" type="checkbox"/> Columbia Gas of Ohio	<input checked="" type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input checked="" type="checkbox"/> Dominion East Ohio	<input checked="" type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input checked="" type="checkbox"/> Duke Energy Ohio	<input checked="" type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input type="checkbox"/> Vectren Energy Delivery of Ohio	<input type="checkbox"/> Residential	<input type="checkbox"/> Small Commercial	<input type="checkbox"/> Large Commercial / Industrial

A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.

☒ Columbia Gas of Ohio

<input checked="" type="checkbox"/> Residential	Beginning Date of Service	March 2014	End Date	Present
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	March 2014	End Date	Present
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	March 2014	End Date	Present
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	March 2014	End Date	Present

☒ Dominion East Ohio

<input checked="" type="checkbox"/> Residential	Beginning Date of Service	August 2005	End Date	Present
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	August 2005	End Date	Present
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	August 2005	End Date	Present
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	August 2005	End Date	Present

☒ Duke Energy Ohio

<input checked="" type="checkbox"/> Residential	Beginning Date of Service	October 2014	End Date	Present
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	October 2014	End Date	Present
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	October 2014	End Date	Present
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	October 2014	End Date	Present

☐ Vectren Energy Delivery of Ohio

<input type="checkbox"/> Residential	Beginning Date of Service	End Date
<input type="checkbox"/> Small Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Large Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Industrial	Beginning Date of Service	End Date

A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:

<input type="checkbox"/>	Columbia Gas of Ohio	Intended Start Date
<input type="checkbox"/>	Dominion East Ohio	Intended Start Date
<input type="checkbox"/>	Duke Energy Ohio	Intended Start Date
<input type="checkbox"/>	Vectren Energy Delivery of Ohio	Intended Start Date

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- A-14 Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-15 Exhibit A-15 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale natural gas or electricity to customers in North America.
- A-16 Exhibit A-16 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-17 Exhibit A-17 "Articles of Incorporation and Bylaws,"** provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, *only if the contents of the originally filed documents changed since the initial application.*
- A-18 Exhibit A-18 "Secretary of State,"** provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.

SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a current list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.
- B-3 Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).
- B-4 Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational

status or ability to provide the services for which it is seeking renewed certification since applicant last filed for certification.

- B-5 Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Consumer Protection Violations,"** detailing such violation(s) and providing all relevant documents.

- B-6 Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment, labeled as **Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** detailing such action(s) and providing all relevant documents.

SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- C-1 Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.
- C-2 Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 whether the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer-certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer-certified financial statements covering the life of the business.
- C-4 Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.)
- C-5 Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRNGS operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.

- C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's current credit report from Experion, Dun and Bradstreet, or a similar organization.
- C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors, or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or since applicant last filed for certification.
- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant since applicant last filed for certification.

SECTION D – APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- D-1 **Exhibit D-1 "Operations,"** provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.
- D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.
- D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Applicant Signature and Title

David D. Hulse

EXP & CFO

Sworn and subscribed before me this

2

day of

July

Month

2015

Year

Lauren Nicole White

Signature of official administering oath

Lauren White

Print Name and Title

My commission expires on

07/28/2018





The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service
Affidavit Form
(Version 1.07)

In the Matter of the Application of
Lakeshore Energy Services, LLC dba)
Continuum Retail Energy Services)
for a Certificate or Renewal Certificate to Provide)
Competitive Retail Natural Gas Service in Ohio.)

Case No. 05 - 0854 -GA-CRS

County of Harris
State of Texas

Dan Hawk

[Affiant], being duly sworn/affirmed, hereby states that:

- (1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.
- (2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
- (3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.
- (4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
- (5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.
- (6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
- (7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.
- (8) Affiant further sayeth naught.

Affiant Signature & Title

Dan Hawk EVP & CFO

Sworn and subscribed before me this

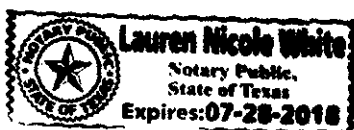
2 day of July Month 2015 Year

Lauren Nicole White

Signature of Official Administering Oath

Lauren White

Print Name and Title



My commission expires on

07/28/2018

(CRNGS Supplier Renewal)

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Exhibit A-14 Principal Officers, Directors and Partners

Jason Few - President and CEO
Continuum Energy, L.L.C.
1415 Louisiana Street, Suite 4200
Houston, TX 77002
Phone: 713-341-4603

Dan Hawk - CFO
Continuum Energy, L.L.C.
1415 Louisiana Street, Suite 4200
Houston, TX 77002
Phone: 713-341-4604

Jason Garrett – Executive Vice President, Retail, Origination & Logistics
Continuum Energy, L.L.C.
11490 Westheimer Road, Ste. 200
Houston, Texas 77077
Phone: 918-477-3477

Alex Goldberg – Executive Vice President, General Counsel & Secretary
Continuum Energy, L.L.C.
1323 East 71st Street, Suite 300
Tulsa, OK 74136
Phone: 918-477-3497

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit A-15 Corporate Structure

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services is a wholly-owned, indirect subsidiary of Continuum Energy, L.L.C. and is a retail natural gas marketer with operations in Ohio. Seminole Energy Services, LLC is the majority owner of the below subsidiaries and affiliates:

Subsidiaries:

Lakeshore Energy Services, L.L.C. dba Continuum Energy – Retail Gas Marketer in MI

Continuum Energy Services, L.L.C. – Retail Gas Marketer in NE and WY

Continuum Retail Energy Services, L.L.C. – Retail Gas Marketer in CA

Other Affiliates:

Vanguard Energy Services, LLC – Retail Gas and Electric Marketer in IL

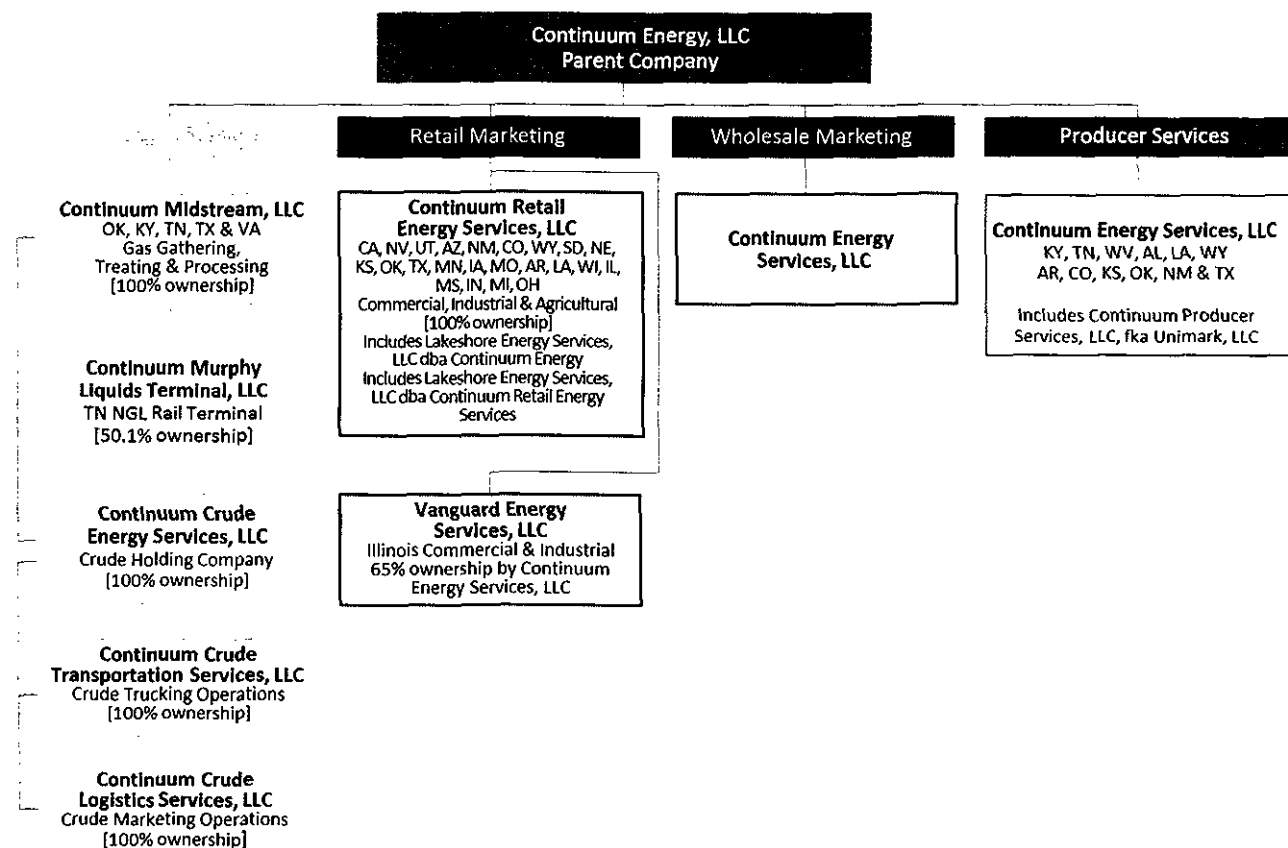


Exhibit A-16 Company History

In 2014, Seminole Energy began executing a corporate and subsidiary name change to rebrand the company and relevant subsidiaries to the Continuum Energy brand.

Continuum Retail Energy Services was formed as Lakeshore Energy Services, LLC in August 2002. Our financial strength is provided by Continuum Energy Services, L.L.C. Continuum Retail Energy Services is a full-service energy marketing company providing natural gas and power, and related management and consulting services to approximately 500 industrial and 40,000 residential and commercial customers throughout Michigan and to 8,000 residential and commercial businesses in Ohio.

Continuum Retail Energy Services Risk Management policy is to operate with a “flat” book meaning that all transactions are hedged at the time they are accepted. We do not take price risk or speculate on market conditions. Gas is bought and sold in back to back transactions. That is, when a sale is made, the gas is immediately purchased.

Continuum Energy, L.L.C. has more than 500 employees with significant industry experience in the pipeline, local distribution company, producer services, and midstream company segments. Continuum Energy is an integrated energy products and services company that serves over 500 producers and 90,000 retail customers across 23 states. We own and operate gathering, processing, treating, compression and transportation assets for natural gas, crude oil and NGLs. And we’re dedicated to delivering innovative, quality solutions that exceed the expectations of its customers.

With midstream assets in key production areas throughout the United States, more than 44,000HP of compression, 1,000 miles of pipeline, rail terminal services, a transportation fleet, and marketing services, we provide comprehensive services for both natural gas and crude oil producers. We supply the industry from wellhead to burner tip.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit A-17 Articles of Incorporation and Bylaws

The Operating Agreement for Lakeshore Energy Services was amended and restated on November 4, 2014. The Amended and Restated Operating Agreement has been attached to this renewal application.

Exhibit A-18 Secretary of State

Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services is currently registered with the Ohio Secretary of State



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
08/08/2014	201421901581	FICTITIOUS NAME/ORIGINAL FILING (NFO)	50.00	0.00	0.00	0.00	0.00

Receipt

This is not a bill. Please do not remit payment.

THE CORPORATION SECRETARY
ROGER D WEGLEY
8345 NW 66TH STREET 9581
MIAMI, FL 33166

**STATE OF OHIO
CERTIFICATE**

Ohio Secretary of State, Jon Husted
2316685

It is hereby certified that the Secretary of State of Ohio has custody of the business records for
CONTINUUM RETAIL ENERGY SERVICES

and, that said business records show the filing and recording of:

Document(s)

FICTITIOUS NAME/ORIGINAL FILING

Effective Date: 08/05/2014

Document No(s):

201421901581

Expiration Date: 08/05/2019

LAKESHORE ENERGY SERVICES, L.L.C.
1323 EAST 71ST STREET
SUITE 300
TULSA, OK 74136



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of the
Secretary of State at Columbus, Ohio this
8th day of August, A.D. 2014.

Jon Husted
Ohio Secretary of State

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit B-1 Jurisdiction of Operation

Continuum Retail Energy Services and its affiliates are currently authorized and are doing business in all of the states listed below:

- Michigan
- Ohio
- California
- Nebraska
- Wyoming
- Indiana
- Nevada
- Utah
- Arizona
- Colorado
- New Mexico
- Texas
- Oklahoma
- Kansas
- South Dakota
- Minnesota
- Iowa
- Missouri
- Arkansas
- Louisiana
- Mississippi
- Illinois
- Wisconsin

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit B-2 Experience and Plans

Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services will continue the use of both our own in-house staff and third-party sales companies to solicit customers. The customers will be provided with a Continuum Retail Energy Services contract and a description of our offering. Customers enrolling via telephone or field sales will undergo a TPV. All customers will be provided with our toll-free number for ease of communication. Continuum Energy maintains an in-house customer service center dedicated to support of our retail customers. Any complaints received are addressed by our Customer Service organization and escalated through management, as appropriate. Response times are in compliance with regulatory standards.

Exhibit B-3 Summary of Experience

Continuum Retail Energy Services has significant experience in retail choice markets. Currently employing about 80 employees, Continuum serves approximately 500 industrial customers and 93,000 Residential and Commercial Choice customers.

Continuum Energy maintains active Choice programs in Ohio, Michigan, Nebraska, Wyoming, and California. In Michigan, we are active in DTE, Consumers, SEMCO, and MGU, serving approximately 11.3 BCF. In Ohio, we are active in DEO, Duke, and Columbia, serving approximately 2.2 BCF. In California, we serve 1.8 BCF in PG&E, SoCal, and SDG&E. Finally, in the SourceGas programs in NE and WY, we serve 5.6 BCF. Including large industrial customers, Continuum Retail Energy Services serves almost 200 BCF across 23 states.

Exhibit B-4 Disclosure of Liabilities and Investigations

Nothing to report.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit B-5 Disclosure of Consumer Protection Violations

Nothing to report.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit B-6 Disclosure of Certification Denial, Curtailment, Suspension or Revocation

Nothing to report.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-1 Annual Report

Not applicable. All year-end information is summarized in audited financial statements.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-2 SEC Filings

Not applicable. All year-end information is summarized in audited financial statements.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-3 Financial Statements

See attached Financial Statements for the years ending 2013 and 2014.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-4 Financial Arrangements

See notes on Revolving Credit Facility in 2014 audited financial statements.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-5 Forecasted Financial Statements

Pro Forma Projected December 31			
Operating Results	2015	2016	2017
Total Revenue	\$ 780.4	\$ 844.3	\$ 896.1
Total Gross Profit	\$ 35.5	\$ 38.1	\$ 40.4
G&A	\$ 20.0	\$ 21.4	\$ 22.7
EBITDA	<u>\$ 15.6</u>	<u>\$ 16.8</u>	<u>\$ 17.7</u>
Interest expense	\$ 0.3	\$ 0.3	\$ 0.3
Depreciation	\$ 0.0	\$ 0.0	\$ 0.0
Amortization	\$ 1.7	\$ 1.6	\$ 1.4
Net Income	<u>\$ 13.6</u>	<u>\$ 14.8</u>	<u>\$ 15.9</u>

Prepared by Victor J. Howard
 Phone: 281-582-0612
 Email: vhoward@continuumes.com

The assumptions made in the preparation of these projections are that growth continues as it has during the last 2 years of reporting
 It also assumes not material changes in ownership via acquisition or divestures.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-6 Credit Rating

Continuum Retail Energy Services, L.L.C. does not have a credit rating. Continuum Energy Services, L.L.C., the parent, is rated 5A2 by D&B. Continuum Energy Services, L.L.C. is not rated by Moodys, S&P, etc. as it has yet to issue debt instruments.

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-7 Credit Report

See attached July 1, 2015 report from Dun & Bradstreet

Exhibit C-8 Bankruptcy Information

Nothing to report

Lakeshore Energy Services, LLC dba Continuum Retail Energy Services

Exhibit C-9 Merger Information

Nothing to report.

Exhibit D-1 Operations

Continuum Retail Energy Services is a full service marketing company. We assist our customers in the development of energy programs and are active in the management of those programs. We typically purchase gas for our customers at the local distribution company "city gate" on a firm basis from nationally recognized major producers like BP, Coral, CIMA to name a few. The nominating and scheduling of the gas is handled by Continuum Energy Supply Management Department, all of whom have significant pipeline and distribution company experience. Accounts are monitored daily to ensure compliance with the distribution company tariffs. We have been providing natural gas transportation services to our Michigan customer base for nearly 13 years.

Exhibit D-2 Operations Expertise

Please refer to the previous discussion on Exhibit B-2, B-3, and D-1.

Exhibit D-3 Key Personnel

Jason Garrett, Executive Vice President Retail

A 20-year veteran of the finance and energy industry and certified six sigma black belt, Jason is responsible for Continuum Energy's rapidly growing market expansion efforts in the retail energy business. His areas of responsibility include marketing, sales, operations, fulfillment, and product development of energy solutions in support of more than 90,000 residential and commercial customers across 23 states. Before joining Continuum Energy, he served as a senior vice president and general manager with Just Energy, one of North America's top retail energy companies. He also worked for SouthStar Energy, Entergy and First Commerce Corporation. Throughout his career he has managed a variety of projects that helped save millions of dollars through streamlining processes, value-creation initiatives and waste elimination. Jason's professional areas of focus have included business development, customer service, transactional financial processing, sales, marketing, regulatory efforts, churn reduction, operations and call-center management. Jason graduated from University of New Orleans with a degree in finance and MBA.

Victor Howard, Vice President Retail Choice

For more than 23 years, Victor has built and led growth-oriented organizations and initiatives in the energy, hi-tech, banking and retail industries. At Continuum Energy, Victor is responsible for leading the Retail Choice business including: pricing, supply and risk management; P&L management, market strategy, and operations strategy. Previous roles in the energy industry include VP Retail at ENCOA (Twin Eagle Resource Management) and Sr. Director Marketing & Customer Service at Gexa Energy/NextEra Energy Services. Additionally, Victor is a Six Sigma Master Black Belt and led the quality and business improvement organization globally for Hewlett-Packard operations. Victor is deeply experienced in marketing, customer service, P&L management, operations, risk management, regulatory, pricing & product development. He graduated Texas A&M University with a B.B.A. in Marketing, and an M.B.A. from The University of St. Thomas.

James Head, Vice President Marketing

James is an accomplished 15-year professional in sales and marketing. Prior to joining Continuum Energy as the VP of Marketing, James was the VP of Marketing and Sales at Spark Energy and served as a consultant helping smaller retail energy companies enter and grow markets. He started his career in telecommunication and cable with marketing leadership roles at AT&T and Comcast Cable. James is experienced in direct sales, channel management, social media, and customer loyalty. He graduated from Towson University with a B.S. in Mass Communications, Business Administration.

Lindsey Margiotta, Director of Operations

Lindsey is a highly experienced operations leader serving as the Director of Operations for Continuum Energy. Prior to joining Seminole, she was the Director of Operations for Just Energy and the Regional Operations Manager for Aegis Mortgage. Lindsey's experience includes billing system implementation and conversion, customer service management, billing, regulatory, transaction management, and quality control.

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
FOR
LAKESHORE ENERGY SERVICES, L.L.C.
An Oklahoma Limited Liability Company

This Amended and Restated Limited Liability Company Operating Agreement ("**Agreement**") for Lakeshore Energy Services, L.L.C. (the "**Company**") dated as of November 4, 2014 (the "**Execution Date**"), is made and entered into by Continuum Retail Energy Services, L.L.C., as sole member of the Company (the "**Member**") to become effective as of the Execution Date. The terms of the Agreement are as follows.

ARTICLE I
Company Formation

1.1 **FORMATION.** The Company has been or shall be formed as a limited liability company under the Oklahoma Liability Company Act, 18 Okla. Stat. §2000 et seq. (2013 Edition), as it may be amended from time to time, and any successor to such act ("**Act**") by the filing of Articles of Organization with the Secretary of State of the State of Oklahoma, as amended from time to time ("**Articles of Organization**"), which shall be furnished to the Member. The rights and obligations of the Member, and the affairs of the Company, shall be governed first by the mandatory provisions of the Act, second by the Company's Articles of Organization, third by this Agreement, and fourth by the optional provisions of the Act. In the event of any conflict among the foregoing, the conflict shall be resolved in the order of priority set forth in the preceding sentence.

1.2 **NAME.** The name of the Company shall be Lakeshore Energy Services, L.L.C.

1.3 **REGISTERED AGENT AND PRINCIPAL OFFICE.** The agent and principal office of the Company shall be as stated in the Articles of Organization, subject to change by the Member on filing with the Secretary of State. The Company may also maintain offices at such other place or places, as the Member deems advisable.

1.4 **TERM.** The Company shall begin upon the filing of the Company's Articles of Organization with the Oklahoma Secretary of State, and shall continue through the term set forth in the Articles of Organization, unless sooner terminated as provided below:

- (a) An Event of Dissolution occurs as described under Article 9 below; or
- (b) Any other event causing dissolution of this Limited Liability Company under the laws of the State of Oklahoma.

1.5 **BUSINESS PURPOSE.** The purposes of the Company are to carry on any lawful business, purpose or activity for which limited liability companies may be formed under

the Act. The Company shall have all of the powers to conduct such business as permitted under the Act.

1.6 **THE MEMBER.** The Member, Continuum Retail Energy Services, L.L.C. with offices at 1323 East 71st Street, Suite 300, Tulsa, Oklahoma 74136, is the sole member of the Company.

ARTICLE II

Capital Contributions

2.1 **CAPITAL CONTRIBUTIONS.** The Member has contributed the cash or property set forth on Exhibit 2 to this Agreement ("**Capital Contributions**"), which is by this reference incorporated into this Agreement, and in consideration for such initial Capital Contribution, the Member shall be the initial holder of 100% of the outstanding membership interests of the Company.

2.2 **CAPITAL ACCOUNTS.** (a) The Company shall maintain for the Member a separate account ("**Capital Account**"). As to the Member, such Capital Account shall be increased by (i) the amount of all Capital Contributions by the Member, (ii) the net income from all sources determined under the accounting practices prescribed by this Agreement for Capital Accounts ("**Income**") allocated to the Member under Article 3.2, and (iii) the amount of any Company liabilities assumed by such Member or that are secured by any Company Property distributed to the Member, and decreased by (i) the amount of any cash and the value of any Company Property distributed to the Member under Article 3.1, (ii) the net loss from all sources determined under the accounting practices prescribed by this Agreement for Capital Accounts ("**Losses**") allocated to the member under Article 3.2, and (iii) the amount of any liabilities of the Member assumed by the Company or that are secured by any property contributed by the Member to the Company.

(b) The determination of any liability for purposes of this Article shall be made in accordance with Section 752(a) of the Internal Revenue Code of 1986, as amended, as in effect from time to time ("**Code**") and any other applicable provisions of the Code. Property contributed by the Member shall be credited to the Member's Capital Account at the fair market value of such property. No credit shall be made to the Capital Account for services rendered except as may be specifically set forth in this Agreement.

(c) An Assignee of an interest will succeed to the Capital Account relating to the interest transferred. However, if the transfer causes a termination of the Company under Section 708(b)(1)(B) of the Code, all property owned, leased or acquired by the Company from time to time (the "**Company Property**") shall be deemed to have been distributed in liquidation of the Company to the Member (including the transferee of an interest) pursuant to Article 7.2 and again contributed by the Member and transferees in reconstitution of the Company. The Capital Account(s) of such reconstituted Company shall be maintained in accordance with the principles of this Article 2.2.

(d) At such times as may be permitted or required by Treasury Regulations issued pursuant to Section 704 of the Code, the Capital Account(s) shall be revalued and

adjusted to reflect the then fair market value of Company Property and the Capital Account(s) shall be maintained to comply with Treasury Regulations Section 1.704-1(b)(2)(iv)(f). All allocations of gain resulting from such revaluation shall be made consistent with that regulation, and to the extent not inconsistent therewith, the income allocation provisions of Article 3.2 hereof.

(e) The forgoing definition of Capital Account and certain other provisions of this Agreement are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with that regulation. Such regulation contains additional rules governing maintenance of capital accounts which are incorporated by this reference into this Agreement.

2.3 **INTEREST.** No interest shall be paid by the Company on Capital Contributions, on balances in the Member's Capital Account, or any other funds distributed or distributable under this Agreement.

2.4 **LOANS.** Loans by a Member to the Company shall not be considered Capital Contributions.

ARTICLE III Profits, Losses and Distributions

3.1 **DISTRIBUTION OF DISTRIBUTABLE CASH.** Distributions of all Distributable Cash shall be as decided by the Managers, subject to any restrictions on distributions pursuant to any funding agreements to which the Company or the Member is subject. "**Distributable Cash**" means, with respect to any period, the cash received from operations of the Company less (i) cash disbursements in operations, (ii) interest expense, (iii) capital expenditures, and (iv) a reasonable allowance for reserves, contingencies, and anticipated obligations, as determined by the Managers. The net cash realized by the Company from the sale, refinancing, or other disposition of all or substantially all the Company's Property, after retirement of existing mortgage debt and transactional expenses, shall be considered Distributable Cash. Any distribution of property shall be treated as a distribution of cash in the amount of the fair market value of such property. For each year that taxable income is allocated to the Member's Capital Account, a distribution in cash shall be made to the Member, and in an amount sufficient to provide the individual owners of the member with cash for any related income tax consequences.

3.2 ALLOCATION OF INCOME AND LOSS.

(a) Income and Loss for each taxable year shall be allocated to the Member.

(b) All tax credits for Federal or state income tax purposes shall be allocated to the Member.

ARTICLE IV Management

4.1 **MANAGERS.** Management of the Company shall be vested in one or more Managers appointed by the Member pursuant to this Agreement. The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Managers, who shall make all decisions and take all actions for the Company, except to the extent otherwise provided by this Agreement. All reference to "Managers" in this Agreement shall be deemed a reference to the manager or managers of the Company, as applicable, then duly elected and serving in such capacity.

4.2 **AUTHORITY OF MANAGERS.** The Managers may exercise all the powers of the Company whether derived from law, the Articles of Organization or this Agreement, except such powers as are vested solely in the Member.

4.3 **DELEGATION OF AUTHORITY; OFFICERS.** The Managers may from time to time delegate to one or more persons such authority as the Managers may deem advisable and may appoint one or more persons as a president, vice president, secretary, treasurer or any other title of an officer ("**Officer**") of the Company as determined by the Managers to act on behalf of the Company with respect to any matter or matters delegated to such person by the Managers. No Officer need be a resident of the State of Oklahoma. In the event the Managers appoint a person as an Officer of the Company, the Managers shall assign one or more titles, and may delegate and assign such authority, duties and responsibilities with respect to the Company, subject to such restrictions and limitations, as the Managers determine to be appropriate in their sole discretion. Unless the Managers decide otherwise, each Officer of the Company who is assigned one or more of the respective titles set forth below shall have the respective authority, duties and responsibilities set forth below in connection with the office represented by such title, subject to the respective restrictions and limitations set forth below, and subject in each case to any modification or revision which the Managers may deem advisable from time to time.

(a) **The President.** The President shall have the active, executive management of the operations of the Company, subject however to the control of the Managers. The President shall, in general, perform all duties incident to the office of president and such other duties as from time to time may be assigned to him or her by the Managers.

(b) **The Vice President.** One or more Vice Presidents shall have such powers and perform such duties as the Managers may from time to time prescribe or as the President may from time to time delegate to him or her. At the request of the President, any Vice President may temporarily act in the place of the President. In the case of the death, absence, or inability to act of the President, the Managers may designate any Vice President to perform the duties of the President.

(c) **The Secretary.** The Secretary shall keep or cause to be kept the minutes of any Company meetings; shall see that all notices are duly given in accordance with the provisions of applicable law; shall be custodian of the records; and, in general, shall perform all duties incident to the office of the secretary and such other duties as may from time to time be assigned by the Managers or by the President.

(d) The Treasurer. The Treasurer shall be the principal financial officer of the Company; shall have charge and custody of and be responsible for all funds of the Company and deposit all such funds in the name of the Company in such banks, trust companies or other depositories as shall be selected by the Managers; shall receive and give receipts for moneys due and payable to the Company from any source; and, in general, shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Managers or by the President. The Treasurer shall render to the President and the Managers, whenever the same shall be required, an account of all transactions accomplished as Treasurer and of the financial condition of the Company.

4.4 NUMBER, TERM AND QUALIFICATIONS. The Member shall determine and establish the number of Managers from time to time, provided that initially there shall be two Managers and the persons listed on Exhibit 1 shall be the initial Managers of the Company. Each Manager of the Company shall be selected and appointed by the Member and shall hold office until a successor shall have been appointed, until his resignation, or until he is removed at the election of the Member.

4.5 MANNER OF ACTING. If the Company has more than one Manager, the Managers shall strive in good faith to obtain consensus in all material decisions affecting the Company. This obligation shall not, however, impair the validity of any action by an individual Manager exercising his business judgment, subject to the limitations set forth in Article 4.03. If the Managers are unable to obtain consensus about a matter, the Member may decide the matter and cause such action to be taken as is necessary or appropriate. The Managers may record their decisions in resolutions reciting the action authorized, approved or ratified. Such resolutions may be adopted either by a written consent signed by the Managers or at which at least a majority of the Managers are present. The Managers may adopt such procedural rules for the taking of action, as they deem appropriate for the conduct of the Company's business.

4.6 RESTRICTIONS ON MANAGERS AND OFFICERS. Without the specific consent of Continuum Energy, L.L.C. to the specific act in question, neither the Managers nor any Officer of the Company shall have any right, power or authority to do, cause or permit the Company or any of its Subsidiaries to do or engage in any of the acts which are subject to the special voting requirements of Continuum Energy, L.L.C. set forth in Section 5.3 of the limited liability company agreement of Continuum Energy, L.L.C., as amended from time to time, or which are set forth in any successor provision or in any successor limited liability company agreement of Continuum Energy, L.L.C., including, without limitation, any of the following acts:

- (a) Any capital expenditure of any individual project in excess of \$1,000,000;
- (b) The incurrence of any indebtedness in excess of \$10,000,000;
- (c) The development of any joint venture, partnership, limited liability company, or similar business relationship between the Company or any Subsidiary of the Company and any third party;

(d) Entering into any contract, agreement or understanding with a term in excess of one year that is not contemplated by a Capital Plan approved by Continuum Energy, L.L.C. and is outside the ordinary course of business;

(e) A change in the corporate structure of the Company or any of its Subsidiaries;

(f) The adoption of a Capital Plan;

(g) Any transaction between the Company or any Subsidiary of the Company and a related party not in the ordinary course of business, provided that only disinterested, unrelated Managers of the Company shall vote on such matters;

(h) The determination of Gross Asset Values, as defined in this Agreement;

(i) Any investments by the Company or any of its Subsidiaries in any third party (other than those investments that may be specified (and in such amounts as are specified) in a Capital Plan);

(j) Make an assignment for the benefit of creditors or appoint or consent to the appointment of a receiver or trustee for the Company, its assets, or a substantial part thereof or any reorganization, liquidation or voluntary bankruptcy of the Company;

(k) Commencing or settling any litigation where the amount sought (in the case of commencement) or the amount to be paid or received by the Company or any of its Subsidiaries (in the case of settlement) exceeds \$1,000,000;

(l) Any acquisition by the Company or any Subsidiary thereof of any material business, operation, entity or assets, in each case regardless of how structured (whether by merger, consolidation, share or asset acquisition, joint venture or similar transaction); and

(m) Any change to the accounting policies of the Company or any of its Subsidiaries that has the effect of materially altering the reported results of the Company (other than changes required by GAAP).

(n) Any merger, reorganization, or sale of the Company or any of its Subsidiaries or of substantially all of the assets of the Company and its Subsidiaries, taken as a whole, or any divestiture by the Company or any Subsidiary thereof of any business, operation, entity or significant assets, in each case regardless of how structured (whether by asset purchase, stock purchase, merger or otherwise);

(o) Any changes in the senior management of the Company, the senior management of any of its Subsidiaries or the compensation of such individuals;

(p) Any distribution from the Company to its Member other than distributions for the payment of federal or state income taxes determined or estimated by the Company

to be payable by the Member with respect to operations of the Company with respect to any period;

(q) Any transactions between the Company or any Subsidiary of the Company and a related party not in the ordinary course of business; provided that only disinterested, unrelated members of the Board may vote on such matters;

(r) Any change in the purpose of the Company or any of its Subsidiaries which would include any purpose outside of the business purposes of Continuum Energy, L.L.C. set forth in Section 2.7 of the limited liability company agreement of Continuum Energy, L.L.C.;

(s) A dissolution of the Company or any of its Subsidiaries;

(t) Any tax elections by the Company or any Subsidiaries that would result in the Company or any Subsidiaries being taxed other than as a partnership for federal income tax purposes; and

(u) The issuance to any Person of any interests in or other securities of the Company of any of its Subsidiaries, including pursuant to any incentive plans of the Company, or the purchase, redemption or exchange of any interests in the Company held by the Person, including any change, increase or reduction of the capitalization of the Company, a change in the rights, preferences or privileges of any Member, or the creation of a new class of units.

The Managers may, from time to time, approve certain actions to be taken by the Company, or certain documents, instruments or agreements to be executed, delivered, filed and/or performed by the Managers and/or the Company, and if so approved by the Member with respect to the Company, such approval shall be deemed to satisfy any approval obligation otherwise required by the Member pursuant to this Section 4.6.

The following terms with their initial letter capitalized in this Section 4.6 shall have the meaning set forth below:

“Affiliate” means any individual, partnership, corporation, trust or other entity or association, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with Continuum Energy, L.L.C.

“Capital Plan” means any plan proposed or considered by the Company for raising additional equity funds, including the election to raise additional funds through capital contributions.

“Controlled” means, with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

“GAAP” means generally accepted accounting principals applicable in the United States of America as applied on a consistent basis with prior periods.

“Gross Asset Values” means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Managers, provided that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 6 hereof shall be as set forth in such section;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Managers, as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and (D) in connection with the grant of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a member capacity, or by a new Member acting in a partner capacity in anticipation of being a Member; provided that an adjustment described in clauses (A), (B), and (D) of this paragraph shall be made only if the Managers reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any item of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to (A) Regulations Section 1.704-1(b)(2)(iv)(m) and (B) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1 (b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iii) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iii).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (i), (ii), or (iii), such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset, for purposes of computing Income and Losses.

“Person” means an individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity.

"Subsidiary" means, as to any Person, a general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity, which is controlled by such Person, directly or indirectly, through one or more intermediaries. The term "control," as used in the immediately preceding sentence, means, with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

4.7 LIMITATION ON LIABILITY. No Manager of the Company shall be liable to the Company or its Member for monetary damages for breach of fiduciary duty; provided, however, that nothing contained in this Agreement shall eliminate or limit the liability of a Manager (i) for any breach of his duty of loyalty to the Company or its Member, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law and (iii) for any transaction from which the Manager derived an improper personal benefit.

ARTICLE V

Rights and Obligations of the Member

5.1 LIMITATION ON LIABILITY. Except as otherwise expressly agreed in writing, no member of the Company (including, without limitation, the Member) shall be liable for any debts, liabilities, or obligations of the Company, whether to the Company or to creditors of the Company, beyond the Capital Account of such member, together with such member's share of the Property and undistributed profits of the Company.

5.2 RIGHTS OF THE MEMBER RELATING TO THE COMPANY. (a) Subject to the restrictions of Article 5.3, this Agreement may be amended only by the Member.

(b) In addition to other rights provided by this Agreement or by applicable law, the Member shall have the right on reasonable notice to demand:

- i. To obtain any and all information regarding the status of the business and financial condition of the Company;
- ii. Promptly after becoming available, to obtain a copy of the Company's Federal, state, and local income tax returns for each year;
- iii. To receive a copy of this Agreement and the Articles of Organization and all amendments, together with copies of any powers of attorney pursuant to which this Agreement, the Articles of Organization, and all amendments that have been executed; and
- iv. To inspect and copy any of the Company's books and records and obtain such other information regarding the affairs of the Company during normal business hours.

5.3 SERVICES TO COMPANY. The Company shall reimburse the Member and Managers for reasonable expenses directly incurred for the Company and shall compensate the

Member and Managers for services rendered. Compensation paid to the Member and Managers shall be reported for tax purposes on Schedule K-1 to Form 1065.

5.4 INDEMNIFICATION.

(a) *Company Indemnity.* The Company shall indemnify and hold harmless the Member, its Affiliates, and Managers, employees and agents (each, an “*Indemnitee*”) from and against any and all losses, claims, demands, costs, damages, liabilities, joint and several, expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements, penalties and other expenses actually and reasonably incurred by the Indemnitee in connection with any and all claims, demands, actions, suits, or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved, as a party or otherwise, by reason of the fact that the Indemnitee is the Member or is or was a Manager of the Company or is or was an employee or agent of the Company, including Affiliates of the foregoing, arising out of or incidental to the business of the Company, provided (i) the Indemnitee's conduct did not constitute willful misconduct or recklessness, (ii) the action is not based on breach of this Agreement, (iii) the Indemnitee acted in good faith and in a manner he or it reasonably believed to be in, or not opposed to, the best interests of the Company and within the scope of such Indemnitee's authority and (iv) with respect to a criminal action or proceeding, the Indemnitee had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Indemnitee acted in a manner contrary to that specified above.

(b) *Advancement of Expenses.* The Company shall advance expenses incurred by an Indemnitee in defending any claim, demand; action, suit or proceeding subject to this Article 5.4 prior to the final disposition of such claim, demand, action, suit or proceeding if the Company determines that the Indemnitee will more likely than not be able to demonstrate compliance with the standard of conduct set forth in Paragraph (a) above and receives an undertaking by the Indemnitee to repay amounts advanced if such person is ultimately determined to be not entitled to indemnification. The determination shall be made by the Member or special legal counsel specifically retained for the making of the determination.

(c) *Non-Exclusivity.* The indemnification provided by this Article shall be in addition to any other rights to which the Indemnitee may be entitled under any Agreement, decision of the Member, as a matter of law or equity, or otherwise, and this indemnification shall inure to the benefit of the successors, assignees, heirs, personal representatives and administrators of the Indemnitee.

(d) *Insurance.* The Company may purchase and maintain insurance, at the Company's expense, on behalf of any Indemnitee against any liability that may be asserted against or expense that may be incurred by an Indemnitee in connection with the activities of the Company regardless of whether the Company would have the power to indemnify such Indemnitee against such liability under the provisions of this Agreement.

(e) *Definition of Affiliate:* For purposes of this Section 5.4: “*Affiliate*” means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person; “*Control*” means either (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise; or (ii) a direct or indirect equity interest often percent (10%) or more in the entity; and “*Person*” means an individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity.

ARTICLE VI Bookkeeping and Tax Matters

6.1 BOOKS AND RECORDS. Appropriate books and records with respect to the Company's business, including, without limitation, all books and records necessary to provide to the Member any information, lists and copies of documents required to be provided pursuant to Article 5.2, shall at all times be kept at the principal office of the Company or at such other places as decided by the Member. Without limiting the foregoing, the following shall be maintained at the Company's principal office: (i) a current list of the full name and last known business address of each member and each Manager, (ii) a copy of the Articles of Organization, and any amendments, (iii) copies of the Company's Federal, state and local income tax returns and reports, if any, for the three most recent years, (iv) copies of the then effective operating agreement of the Company and all amendments thereto and copies of any previous operating agreements of the Company which are no longer in effect, and (v) copies of any financial statements of the Company for the three most recent fiscal years. Any records maintained by the Company in the regular course of its business may be kept on, or be in the form of, magnetic tape, photographs or any other information storage device, provided that the records so kept are convertible into clearly legible written form within a reasonable period of time.

6.2 ACCOUNTING. The Company shall maintain its books in accordance with generally accepted accounting principles, provided that the Company may use accounting, methods and principles permitted for income tax purposes, including the cash method of accounting, and shall maintain the Capital Accounts in compliance with Section 704 of the Code.

6.3 TAXABLE YEAR. If permitted by the Code, the taxable year of the Company shall be the calendar year, unless otherwise determined by the Member.

6.4 TAX MATTERS PARTNER. The Member shall have the sole and complete duty to collect, remit, or withhold all sales, use, income, or other taxes payable by the Company, and shall be the “*Tax Matters Partner*” (as defined in Section 6231 of the Code). The Tax Matters Partner is authorized and required to represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings.

6.5 DISREGARDED ENTITY FOR FEDERAL TAX PURPOSES. The Company and the Member shall comply with all requirements of the Internal Revenue Code of 1986, as amended from time to time, with respect to the Company. In this regard, so long as the 100% of the membership interests of the Company are owned by a single member, the Company shall be

disregarded for federal tax purposes as provided in Treasury Regulations Section 301.7701-3. No election shall be made by the Company or the Member for the Company to be excluded from the application of any provision of Subchapter K, Chapter 1 of Subtitle A of the Code or from any similar provisions of any state tax laws.

ARTICLE VII

Transfers

7.1 RESTRICTION ON TRANSFER. The Member may assign some or all of his share of distributions to another Person ("*Assignee*"); provided, however, that such assignment shall not entitle the Assignee to any of the other rights of the assigning Member until and unless the Assignee is admitted as a Member to the Company pursuant to Article 7.2 in place of and with all the rights of the Member ("*Substitute Member*").

7.2 TRANSFER OF INTERESTS BY A MEMBER; SUBSTITUTE MEMBERS.

(a) A Member may transfer his membership interest in the Company under this Article upon satisfaction of the following conditions:

- i. The Assignee and the transferring Member shall execute and file with the Company all documents evidencing the terms of the transfer; and
- ii. The Assignee and the Member shall have fulfilled all other requirements of this Agreement.

(b) The admission of an Assignee as a Substitute Member shall become effective on the date that the admission is recorded in the books and records of the Company. The Member shall cease to be a Member to the extent of its membership interest assigned to Assignee only when the Assignee is admitted as a Substitute Member. Until that time, the Member shall continue to have all rights and obligations of a Member (with respect to such assigned membership interest, as well as any remaining unassigned membership interest), except those rights to distributions, which were transferred or assigned.

(c) In no event shall any interest be transferred to a minor or any incompetent except by intestate succession or testamentary disposition, or through a decree or judgment from a court of competent jurisdiction.

(d) Any holder of an interest, including a right to distributions, shall be deemed conclusively to have agreed to comply with and be bound by all terms and conditions of this Agreement, with the same effect as if such holder had executed an express acknowledgement thereof, whether or not such holder in fact has executed such an express acknowledgement.

7.3 PROHIBITED TRANSFERS AND ASSIGNMENTS. No transfer or assignment shall be made if the transfer or assignment (i) would violate applicable Federal and state securities laws or regulations (ii) would materially adversely affect the classification of the Company as a partnership for Federal or state income tax purposes or (iii) would affect the Company's qualification as a limited liability company under the Act.

ARTICLE VIII

Admission of Members

8.1 **ADMISSION OF ADDITIONAL MEMBERS.** The Company may admit an additional Member by accepting Capital Contributions from such Member on such terms and conditions as are approved by the Member. Upon admission of any additional Member, whether as a result of assignment pursuant to Section 7.2 or upon acceptance of Capital Contributions pursuant to this Section 8.1, the Managers shall amend Exhibit 2 to reflect the Capital Contribution and Membership Interest of all Members.

ARTICLE IX

Dissolution and Liquidation

9.1 **DISSOCIATION OF MEMBER.** Upon the death, dissolution or withdrawal of the Member (each a “*Dissociation of Member Event*”), the Company shall dissolve and its affairs shall be wound up. The Company shall thereafter conduct only activities necessary to wind up its affairs.

9.2 **DISSOLUTION AND LIQUIDATION.** The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following events (an “*Event of Dissolution*”): (i) the term of the Company stated in the Articles of Organization expires; (ii) the occurrence of a Dissociation of Member Event, or (iii) the Member decides to dissolve the Company.

9.3 **METHOD OF WINDING UP.** Upon dissolution of the Company pursuant to Article 9.2, the Company shall liquidate and wind up its affairs. The proceeds from the liquidation and winding up shall be applied in the following order of priority:

(a) To creditors, to the extent permitted by law, in satisfaction of liabilities of the Company other than liabilities to the Member on account of its Capital Contributions; and

(b) The balance, to the Member in accordance with this Agreement. Unless the Member shall determine otherwise, all distributions will be made in cash, and none of the Company Property will be distributed in kind to the Member.

9.4 **FILING ARTICLES OF DISSOLUTION.** When an event set forth in Article 9.2 occurs, the Company shall file Articles of Dissolution as required by the Act, and shall take whatever other action may be advisable or proper to carry out the liquidation and winding up of the Company.

9.5 **RETURN OF CAPITAL.** The return of Capital Contributions shall be made solely from Company Property.

ARTICLE X

General Provisions

10.1 NOTICES. Any notice, demand, request or report required or permitted to be given or made to the Member under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class mail, overnight delivery, facsimile transmission, or other suitable means to the Member to the address shown on the records of the Company. Any notice, payment, or report to be given or sent to the Member shall be deemed conclusively to have been given or sent, upon posting or transmitting of such notice, payment, or report to the address shown on the records of the Company, regardless of any claim of any Person who may have an interest by reason of an assignment or otherwise.

10.2 CAPTIONS. All article and Article captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions. Except as specifically provided otherwise, references to "Articles" are to Articles of this Agreement.

10.3 PRONOUNS AND PLURALS. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

10.4 FURTHER ACTIONS. The Member shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

10.5 BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Member and its permitted assignees and successors.

10.6 AMENDMENT. This Agreement may be amended and modified from time to time only upon the written consent of the Member (which consent may be evidenced by the execution of an amendment and restatement of this Agreement).

10.7 APPLICABLE LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Oklahoma, without regard to its principles of conflict of laws.


10.8 INVALIDITY OF PROVISIONS. If any provision of this Agreement is or becomes invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not be affected.

The Member signs this Agreement as of the above date by execution hereof.

MEMBER:

SOLE MEMBER:

**CONTINUUM RETAIL ENERGY
SERVICES, L.L.C.,
an Oklahoma limited liability company**

By: 

Name: Alex A. Goldberg

**Title: Executive Vice President, General
Counsel and Secretary**

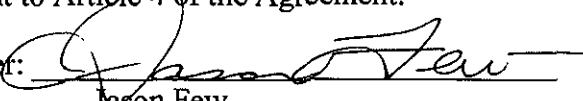
EXHIBIT 1

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
FOR
LAKESHORE ENERGY SERVICES, L.L.C.**

LISTING OF MANAGERS

As decided by the Member, the following Managers were elected to operate the Company pursuant to Article 4 of the Agreement:

Manager:


Jason Few

Address: Continuum Energy, L.L.C.
1323 East 71st Street, Suite 300
Tulsa, OK 74136

Manager:


Jason Garrett

Address: Continuum Energy, L.L.C.
1323 East 71st Street, Suite 300
Tulsa, OK 74136


The above listed Manager(s) will serve in their capacities until they are removed for any reason by the Member as defined by Article 4 or upon their voluntary resignation.

Signed and agreed this ___th day of November, 2014.

SOLE MEMBER:

**CONTINUUM RETAIL ENERGY SERVICES, L.L.C.,
an Oklahoma limited liability company**

By:


Name: Alex A. Goldberg

Title: Executive Vice President, General Counsel
and Secretary

EXHIBIT 2

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
FOR
LAKESHORE ENERGY SERVICES, L.L.C.**

CAPITAL CONTRIBUTIONS

<u>Name of Member</u>	<u>Membership Interest</u>	<u>Description and Value of Capital Contributions</u>	<u>Date of Contribution</u>
Continuum Retail Energy Services, L.L.C.	100%		



Consolidated Financial Statements, Supplementary
Information and Report of Independent Certified Public
Accountants

Continuum Energy, L.L.C. and subsidiaries

December 31, 2014 and 2013

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members

Continuum Energy, L.L.C.

Grant Thornton LLP
2431 E. 61st Street, Suite 500
Tulsa, OK 74136-1208

T 918.877.0800
F 918.877.0805
GrantThornton.com
Linkd.in/GrantThorntonUS
Twitter.com/GrantThorntonUS

We have audited the accompanying consolidated financial statements of Continuum Energy, L.L.C. (an Oklahoma limited liability company) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the years then ended, and the related notes to the 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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 Continuum Energy, L.L.C. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets as of December 31, 2014 and 2013, and the consolidating statement of operations for the years then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Tulsa, Oklahoma
April 2, 2015

Continuum Energy, L.L.C. and subsidiaries

Consolidated Balance Sheets

December 31, 2014 and 2013
(Thousands of dollars)

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,562	\$ 11,444
Accounts receivable, net	243,507	302,553
Broker margin deposits	55,492	104
Derivative instruments, current	50,357	9,509
Commodity inventories and imbalances	13,947	11,960
Other current assets and deferred charges	4,918	2,498
Total current assets	374,783	338,068
Investments in joint ventures	19,854	21,290
Property, plant and equipment, net	95,300	86,995
Goodwill	6,964	9,499
Intangible assets, net	38,322	45,431
Derivative instruments, non-current	9,760	1,321
Other assets and deferred charges	8,894	8,871
Total assets	<u>\$ 553,877</u>	<u>\$ 511,475</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 223,673	\$ 292,823
Derivative instruments, current	46,257	13,066
Long-term debt due within one year	4,850	4,072
Deferred revenue, current	1,043	1,043
Total current liabilities	275,823	311,004
Long-term debt	106,030	28,020
Deferred revenue, non-current	12,041	13,084
Common units subject to repurchase	3,934	3,934
Derivative instruments, non-current	9,555	1,396
Total liabilities	<u>407,383</u>	<u>357,438</u>
CONTINGENT LIABILITIES AND COMMITMENTS (Note L)		
EQUITY:		
Common unitholders (12,494,612 units outstanding at December 31, 2014 and 2013)	138,933	146,284
Accumulated other comprehensive loss	(322)	(81)
Total unitholders' equity	138,611	146,203
Noncontrolling interests in consolidated subsidiaries	7,883	7,834
Total equity	<u>146,494</u>	<u>154,037</u>
Total liabilities and equity	<u>\$ 553,877</u>	<u>\$ 511,475</u>

The accompanying notes are an integral part of these consolidated financial statements.

Continuum Energy, L.L.C. and subsidiaries

Consolidated Statements of Operations

Years ended December 31, 2014 and 2013
(Thousands of dollars)

	<u>2014</u>	<u>2013</u>
REVENUES:		
Commodity sales	\$ 3,184,152	\$ 2,070,660
Gathering, transportation and treating fees	33,672	20,073
Other revenues	<u>2,112</u>	<u>2,058</u>
Total revenues	<u>3,219,936</u>	<u>2,092,791</u>
COSTS AND EXPENSES:		
Purchases and operating expenses	3,138,739	2,022,729
General and administrative expenses	52,811	46,197
Goodwill impairment	4,538	-
Impairment of long-lived assets	4,824	1,260
Depreciation and amortization	<u>19,245</u>	<u>14,968</u>
Total costs and expenses	<u>3,220,157</u>	<u>2,085,154</u>
OPERATING INCOME (LOSS)	(221)	7,637
OTHER INCOME (EXPENSE):		
Equity in earnings of joint ventures	411	605
Interest income	563	320
Interest expense	(4,193)	(2,210)
Loss on early extinguishment of debt	(218)	-
Other income, net	<u>182</u>	<u>878</u>
Total other income (expense)	<u>(3,255)</u>	<u>(407)</u>
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(3,476)	7,230
Impairment loss on discontinued operations	<u>-</u>	<u>(2,088)</u>
NET INCOME (LOSS)	(3,476)	5,142
Less: net income attributable to noncontrolling interests	<u>1,387</u>	<u>3,232</u>
NET INCOME (LOSS) ATTRIBUTABLE TO CONTINUUM ENERGY, L.L.C.	<u>\$ (4,863)</u>	<u>\$ 1,910</u>

The accompanying notes are an integral part of these consolidated financial statements.

Continuum Energy, L.L.C. and subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2014 and 2013
(Thousands of dollars)

	<u>2014</u>	<u>2013</u>
Net income (loss)	\$ (3,476)	\$ 5,142
Other comprehensive loss		
Change in unrealized value of derivative hedging instruments	(556)	(61)
Reclassification into earnings on settlements of derivative instruments	<u>315</u>	<u>(144)</u>
Total other comprehensive loss	<u>(241)</u>	<u>(205)</u>
Comprehensive income (loss)	(3,717)	4,937
Less: comprehensive income attributable to noncontrolling interests	<u>1,387</u>	<u>3,232</u>
Comprehensive income (loss) attributable to Continuum Energy, L.L.C.	<u>\$ (5,104)</u>	<u>\$ 1,705</u>

The accompanying notes are an integral part of these consolidated financial statements.

Continuum Energy, L.L.C. and subsidiaries

Consolidated Statements of Equity

Years ended December 31, 2014 and 2013
(Thousands of dollars)

	2014	2013
COMMON UNITHOLDERS' EQUITY:		
Beginning balance	\$ 146,284	\$ 148,439
Contributions from unitholders	-	6,558
Unit-based compensation expense (income)	(182)	351
Distributions to unitholders	(2,306)	(10,974)
Net income (loss) attributable to Continuum Energy, L.L.C.	(4,863)	1,910
Ending balance	<u>138,933</u>	<u>146,284</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):		
Beginning balance	(81)	124
Net losses on cash flow hedges	(241)	(205)
Ending balance	<u>(322)</u>	<u>(81)</u>
TOTAL UNITHOLDERS' EQUITY	<u>138,611</u>	<u>146,203</u>
NONCONTROLLING INTERESTS:		
Beginning balance	7,834	7,727
Contributions from noncontrolling interests	-	738
Distributions to noncontrolling interests	(1,338)	(3,863)
Net income attributable to noncontrolling interests	1,387	3,232
Ending balance	<u>7,883</u>	<u>7,834</u>
TOTAL EQUITY	<u>\$ 146,494</u>	<u>\$ 154,037</u>

The accompanying notes are an integral part of these consolidated financial statements.

Continuum Energy, L.L.C. and subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013
(Thousands of dollars)

	2014	2013
OPERATING ACTIVITIES:		
Net income (loss)	\$ (3,476)	\$ 5,142
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,254	15,019
Amortization of deferred loan costs	453	489
Amortization of deferred revenue	(1,043)	(1,106)
Equity in earnings of joint ventures	(411)	(605)
Distributions received from joint ventures	1,501	588
Provision for doubtful accounts	60	235
Unit-based compensation expense (income)	(182)	351
Contingent note recorded as compensation expense	2,000	-
Goodwill impairment	4,538	-
Impairment of long-lived assets	4,824	3,348
Gains on sale of assets	(184)	(982)
Unrealized (gain) loss on derivative instruments	(8,178)	4,325
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	58,987	(110,411)
Broker margin deposits	(55,388)	5,312
Commodity inventories and imbalances	(1,987)	(744)
Other assets and deferred charges	(2,911)	(4,195)
Accounts payable and accrued liabilities	(71,227)	102,829
Net cash provided by (used in) operating activities	<u>(53,370)</u>	<u>19,595</u>
INVESTING ACTIVITIES:		
Proceeds from sale of assets	533	5,487
Purchases of property and equipment and long-lived assets	(25,189)	(21,539)
Investments in joint ventures	-	(720)
Cash paid for acquisition	-	(11,496)
Net cash used in investing activities	<u>(24,656)</u>	<u>(28,268)</u>
FINANCING ACTIVITIES:		
Proceeds from credit facilities	257,700	40,000
Repayments of credit facilities	(181,000)	(20,000)
Proceeds from long-term debt	4,406	963
Repayments of long-term debt	(4,318)	(3,041)
Contributions from noncontrolling interests	-	738
Distributions paid to noncontrolling interests	(1,338)	(3,863)
Distributions paid to unitholders	(2,306)	(10,974)
Net cash provided by financing activities	<u>73,144</u>	<u>3,823</u>
Decrease in cash and cash equivalents	<u>(4,882)</u>	<u>(4,850)</u>
Cash and cash equivalents at beginning of year	11,444	16,294
Cash and cash equivalents at end of year	<u><u>\$ 6,562</u></u>	<u><u>\$ 11,444</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements

Years ended December 31, 2014 and 2013

A - OPERATIONS AND ORGANIZATION

1. Corporate Reorganization

Continuum Energy, L.L.C. ("Parent", "Continuum" or "Company") (a Delaware limited liability company) was formed on June 12, 2014, for the purpose of acquiring all of the outstanding membership units of Continuum Energy Services, L.L.C. ("CES") (an Oklahoma limited liability company). On November 4, 2014, Parent acquired CES through a reverse merger ("the Merger") in which Parent's wholly-owned subsidiary, CES Acquisition Company, LLC merged with and into CES with CES remaining as the surviving limited liability company and wholly-owned subsidiary of Parent. At the time of the Merger, all of the outstanding membership units of each class and series of CES, including CES Class B units, were converted into the same designated class and series of membership units in Parent with the same rights and privileges. Each Class B unit of Parent is subject to the terms of any vesting schedule or award agreement applicable to the corresponding CES Class B unit at the time of the Merger. In addition, all treasury units in CES were canceled and retired at the time of the Merger. At December 31, 2014, the Company is privately owned, with thirty-three unitholders owning a total of 12,494,612 common units.

Immediately following the Merger, CES assigned, transferred and distributed all of its membership units and other ownership interests in Continuum Midstream, L.L.C. (an Oklahoma limited liability company) and Continuum Retail Energy Services, L.L.C. (an Oklahoma limited liability company) to Parent. All subsidiaries of CES became sister companies of CES or subsidiaries of CES, as applicable, through transactions concurrent with the Merger.

In contemplation of the Merger and in an effort to unify the Company's branding and name recognition in the marketplace, several of the Company's and CES' subsidiaries underwent name changes in 2014 as follows:

Prior Name	New Name
Seminole Energy Services, L.L.C.	Continuum Energy Services, L.L.C. ("CES")
Seminole Gas Company, L.L.C.	Continuum Midstream, L.L.C. ("Continuum Midstream")
Seminole Retail Energy Services, L.L.C.	Continuum Retail Energy Services, L.L.C. ("Continuum Retail")
North American Crude Energy Services, LLC	Continuum Crude Energy Services, L.L.C. ("CCES")
North American Crude Transportation Services, LLC	Continuum Crude Transportation Services, L.L.C.
North American Crude Logistics Services, LLC	Continuum Crude Logistics Services, L.L.C.
Seminole Murphy Liquids Terminal, LLC	Continuum Murphy Liquids Terminal, L.L.C. ("CMLT")

2. Nature of Operations

Continuum and subsidiaries are involved in three primary business activities: natural gas marketing, producer services and midstream. The natural gas marketing takes place in the wholesale market as well as the retail market to commercial and industrial consumers in deregulated markets. The Company's marketing operations are principally conducted in Arkansas, California, Colorado, Illinois, Kansas, Kentucky, Michigan, Missouri, Nebraska, Oklahoma, Texas and Wyoming. The producer services operations include well-head

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

purchase contracts, risk management services, gas balancing, payment of production taxes and distribution of revenues to well owners primarily in the Mid-Continent and Mid-Atlantic regions. The midstream operations include gas gathering, compression and gas processing services in Kansas, Kentucky, Oklahoma, Tennessee, Texas and Virginia. In September 2013, the Company's midstream business expanded into the marketing and transportation of crude oil in Ohio, Oklahoma and Texas, with the acquisition described in Note C.

3. Financial Statement Presentation

The consolidated financial statements include the accounts of Continuum; its wholly-owned subsidiaries – CES, Continuum Retail, Continuum Midstream, Lakeshore Energy Services, L.L.C., CCES, Unimark, L.L.C., and Nebraska Resources Company, L.L.C.; and its majority-owned subsidiaries – CMLT, San Bois Treating Facility, L.L.C., and Vanguard Energy Services, L.L.C. Investments in affiliates are accounted for using the equity method of accounting if we have the ability to exercise significant influence over operating and financial policies of our investee. All significant intercompany transactions and balances have been eliminated in consolidation. The Company and its subsidiaries are collectively referred to in this report as “we,” “us,” “Continuum,” or the “Company.”

The consolidated results of operations of the Company following the completion of the Merger on November 4, 2014, are presented together with the consolidated results of operations pertaining to CES and its subsidiaries prior to the Merger. The Merger of CES into the Parent was accounted for as a combination of entities under common control with assets and liabilities transferred at their carrying amounts in a manner similar to a pooling of interests. For periods prior to the Merger, the accompanying consolidated financial statements and related notes thereto represent the consolidated financial position, results of operations, comprehensive income (loss), cash flows and changes in equity of CES and its subsidiaries and, for periods on and after the Merger, the accompanying consolidated financial statements and related notes thereto represent the consolidated financial position, results of operations, comprehensive income, cash flows and changes in equity of the Company.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that may affect the amounts reported in the consolidated financial statements and accompanying notes.

Significant estimates and assumptions include, but are not limited to the following:

- Commodity inventory valuation;
- Impairment assessments of investments, long-lived assets and goodwill;
- Depreciable lives of fixed assets and useful lives of amortizable intangibles;
- Valuation of assets and liabilities acquired in business combinations;
- Unbilled commodity revenues for gas delivered but for which meters have not been read;
- Cost of gas purchases for which no invoice has been received;

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

- Allowance for doubtful accounts;
- Probability and amount of litigation-related contingencies;
- Fair value of financial instruments and forward physical commodity purchase and sale contracts; and
- Hedge accounting correlations and probability of occurrence of forecasted transactions.

We evaluate these estimates on an ongoing basis using historical experience, consultation with experts and utilizing other methods we consider reasonable based on the particular circumstances. Nevertheless, actual results and values may differ from the estimates. Any effects on our consolidated financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revisions become known. Such changes and refinements in estimation methodologies are reflected in reported consolidated results of operations, and if material, the effects of changes in estimates are disclosed in the notes to the consolidated financial statements.

2. Revenue Recognition

Natural gas marketing revenues for the sales of natural gas and natural gas liquids are recognized at the time of delivery of the product to the customer. Producer services revenues from service labor, treating, compression and gas gathering are recognized upon completion of the service. Midstream revenues from transportation capacity payments are recognized when earned in the period the capacity is made available.

Results from our marketing activities are primarily generated through the purchase of natural gas from natural gas producers, wholesale suppliers and other supply points and the sale of that natural gas to commercial customers, thereby generating gross margins based upon the difference between the purchase and resale prices.

Results from our producer services activities are primarily generated through the purchase of natural gas from natural gas producers, wholesale suppliers and other supply points and the sale of that natural gas to other marketers and pipeline companies, thereby generating gross margins based upon the difference between the purchase and resale prices. We also offer producers risk management services, gas balancing, payment of production taxes and distribution of revenues through fee-based arrangements.

Results from our midstream field services activities are determined primarily by the volumes of natural gas gathered, compressed, treated, processed, purchased and sold through our pipeline and gathering systems and the level of natural gas and natural gas liquids prices. We generate these midstream revenues and gross margins under three different methods: (1) Fee-based arrangements – under which we receive a fee for natural gas gathering, compressing, treating or processing services, for which the revenue earned is directly related to the volume of natural gas that flows or capacity provided through our systems and is not directly dependent on commodity prices; (2) Percent-of-Index-Price arrangements – under which we purchase natural gas at a percentage discount to a specified index price and then sell the resulting natural gas to third parties; and (3) Percentage-of-Proceeds arrangements – under which we gather and process natural gas on behalf of producers, sell the residue gas and natural gas liquids volumes at market prices and remit to producers an agreed upon percentage of the proceeds based on an index price. Midstream revenues and gross margins from the crude oil trading and transportation activities are generated by the purchase and sale of crude oil at the wellhead or plant tailgate and the transportation of producer-owned crude oil.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

Midstream revenues and gross margins from the crude oil trading and transportation activities are generated by the purchase and sale of crude oil at the wellhead or plant tailgate and the transportation of producer-owned crude oil. Gross margins from crude oil sales are primarily generated under index price arrangements under which we purchase crude oil at a discount to a specified index price and then sell the crude oil to third parties at a specified index price plus an adder. We recognize revenue from crude oil sales when title transfers to the purchaser at the delivery point. We recognize revenue from the transportation of producer-owned crude oil when the services are provided.

3. Cash and Cash Equivalents

Our cash and cash equivalents balance includes all highly liquid investments which are readily convertible into cash and have original maturities of three months or less from the acquisition date. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit.

4. Accounts Receivable, Net

Accounts receivable are carried on a gross basis, with no discounting, less an allowance for doubtful accounts. These balances principally consist of amounts due from the sale of commodities or the delivery of services to customers. Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment upon receipt of the invoice. Although we do not charge interest on past due accounts, we do charge late fees once an account becomes past due. We estimate the allowance for doubtful accounts based on existing economic conditions, the financial conditions of our customers and the amount and age of past due accounts. Accounts are written off and charged to the allowance for doubtful accounts only after collection attempts have been exhausted. *Accounts receivable, net* is stated net of the allowance for doubtful accounts of approximately \$0.3 million at December 31, 2014 and 2013.

5. Broker Margin Deposits

In connection with our risk-management and hedging activities we are required to provide certain brokers with cash deposits as collateral to cover the credit risk associated with our net derivative liability positions.

6. Commodity Inventories and Imbalances

The value of commodity inventories in storage is determined using the lower of weighted-average cost or market method. Commodity imbalances are valued at market or their contractually stipulated rate. Commodity imbalances are settled in cash or made up in-kind, subject to the terms of the agreements.

7. Property, Plant and Equipment

Our properties are carried at either cost, or at their estimated acquisition date fair value for business combinations. All acquisitions of businesses are accounted for using the acquisition method of accounting which requires, among other things, that assets acquired be recognized at their estimated fair values as of the acquisition date. Transaction costs related to the acquisition of businesses are expensed as incurred. When the Company acquires net assets that do not constitute a business under GAAP, acquired assets are recorded at cost.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

Our properties are depreciated using straight-line and accelerated methods over their estimated useful lives. We periodically conduct depreciation evaluations to assess the economic lives of our assets, and if it is determined that the estimated economic life changes, then the changes are made prospectively. Changes in the estimated lives of our properties could have a material effect on our consolidated financial position or results of operations. Material expenditures that enhance the functionality or extend the useful lives of our assets are capitalized. The costs of property, plant and equipment that are sold or retired, and the related accumulated depreciation, are removed from the Consolidated Balance Sheets, and any associated gain or loss is reflected in current period earnings. Ordinary maintenance and repair costs are expensed as incurred. None of the Company's property, plant and equipment has legal retirement obligations requiring recognition in the consolidated financial statements. See Note E for disclosures of our property, plant and equipment.

8. Goodwill

Goodwill represents the excess of the consideration exchanged over the fair value of net assets acquired in a business combination. Goodwill is evaluated at least annually for impairment at the reporting unit level. In performing that evaluation, we first assess qualitative factors in determining whether it is more likely than not that the reporting unit's fair value is less than its carrying amount. If the qualitative factors indicate it is more likely than not that a reporting unit's carrying value exceeds its fair value, we compare our estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the fair value is less than the carrying value, a potential impairment is indicated, and we perform a test to measure the amount of the impairment. That test calculates the implied fair value of the goodwill by deducting the fair value of all tangible and intangible assets and liabilities of the reporting unit from the estimate of fair value. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we will record an impairment charge.

We use an income valuation approach to estimate the fair value of our reporting units. Under the income approach, we use anticipated cash flows over a period of years and discount these amounts to their present value using rates of return that are consistent with a market participant's perspective. Judgments and assumptions are inherent in our estimate of future cash flows used to determine the estimate of the reporting unit's fair value. See Note F for disclosures of our goodwill. Additionally, see Note C for discussion of goodwill recorded in conjunction with acquisitions.

9. Intangible Assets

Intangible assets consist of contractual customer relationships, existing customer contracts and producer contracts acquired in business combinations. Intangible assets are amortized using straight-line and accelerated methods over their estimated useful lives. We periodically conduct evaluations to assess the economic lives of our intangible assets, and if it is determined that the estimated economic life changes, then the changes are made prospectively. Changes in the estimated lives of our intangible assets could have a material effect on our financial position or results of operations. Intangible assets are assessed for impairment whenever events or changes in circumstances indicate that their carrying value may exceed their estimated fair value, based on the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the assets. See Note F for disclosures of our intangible assets. In addition, see Note C for intangible assets recorded in conjunction with acquisitions.

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10. Other Assets and Deferred Charges

Other assets and deferred charges includes \$1.9 million in surplus midstream and pipeline assets not currently used in operations. These assets are not being depreciated and are being held for future use in operations or sale, as circumstances permit. The remaining balance of *Other assets and deferred charges* includes \$1.7 million in long-term accounts receivable, \$1.5 million in long-term deposits, \$2.2 million in deferred loan origination fees and \$1.6 million other deferred charges which will be amortized into earnings in future periods.

11. Advertising Costs

Customer Acquisition Costs

The Company has retail natural gas customer acquisition costs, net of \$2.1 million and \$1.1 million recorded in *Other current assets and deferred charges* representing direct response advertising costs as of December 31, 2014 and 2013, respectively. Amortization of customer acquisition costs, recorded in *Purchases and operating expenses* in the Consolidated Statements of Operations, was \$2.7 million and \$1.0 million for the years ended December 31, 2014 and 2013, respectively. Capitalized direct response advertising costs consist primarily of hourly and commission based telemarketing costs, door-to-door agent commissions and other direct advertising costs associated with proven customer generation, and are capitalized and amortized over the estimated three-year average life of a customer.

Recoverability of customer acquisition costs is evaluated based on a comparison of the carrying amount of the customer acquisition costs to the future net cash flows expected to be generated by the customers acquired, considering specific assumptions for customer attrition, per unit gross profit, and operating costs. These assumptions are based on forecasts and historical experience. There were no impairments of customer acquisition costs for the years ended December 31, 2014 and 2013.

Non-direct response advertising costs, consisting primarily of direct mailing and media broadcast, are expensed as incurred and were \$0.5 million in 2014 and \$0.4 million in 2013.

12. Impairment of Long-Lived Assets and Investments in Joint Ventures

We evaluate our long-lived assets and investments in joint ventures and equity-method investees for impairment when events or changes in circumstances indicate, in our judgment, that the carrying value of such assets may not be recoverable. When an indicator of impairment has occurred, we compare our estimate of undiscounted future cash flows attributable to the assets to the carrying value of the assets to determine whether the asset is recoverable. We apply a probability-weighted approach, where appropriate, to consider the likelihood of different cash flow assumptions in determining the undiscounted cash flows. If an impairment of the carrying value has occurred, we determine the amount of the impairment recognized in the consolidated financial statements by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value.

For assets considered held for sale, we compare the carrying value to the estimated fair value less the cost to sell to determine if recognition of an impairment is required. Impairment tests are performed when events or circumstances indicate the assets may have been impaired.

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We also evaluate our investments in joint ventures and equity method investees for impairment when events or changes in circumstances indicate, in our judgment, that the carrying value of such investments may have experienced an other-than-temporary decline in value. When evidence of a loss in value has occurred, we compare our estimate of the fair value of the investment to the carrying value of the investment to determine whether an impairment loss has occurred. If the estimated fair value is less than the carrying value and we consider the decline in value to be other-than-temporary, the excess of the carrying value over the fair value is recognized in our consolidated financial statements as an impairment loss.

Judgments and assumptions are inherent in our estimate of undiscounted future cash flows and an asset's fair value. Additionally, judgment is used to determine the probability of sale with respect to assets considered for disposal. The use of alternate judgments and/or assumptions could result in the recognition of different levels of impairment charges in the consolidated financial statements.

13. Contingencies

Our accounting for contingencies primarily addresses contingencies for legal exposures. We accrue these contingencies when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered, and an amount can be reasonably estimated. We base our estimates on currently available facts and our estimates of the ultimate outcome or resolution. Actual results may differ from our estimates resulting in an impact, positive or negative, on earnings. See Note L for additional information about our contingencies.

14. Transportation Costs

As part of our normal operations, we charge customers transportation costs related to physical commodity sales. We report this revenue on a gross basis because the revenue has been earned for the transportation services provided, since we are responsible for collecting the sales price from a customer, but must pay the amount owed to the transportation provider, thereby assuming credit risk. We report these transportation revenues and related transportation costs separately in both *Commodity sales* and *Purchases and operating expenses*, respectively.

15. Sales Taxes

As part of our normal operations, we collect certain sales, use and other taxes from our customers and remit such taxes to the proper taxing authorities. We report these taxes on a "net basis," meaning such amounts are not reported separately in both *Commodity sales* and *Purchases and operating expenses*.

16. Derivative Instruments, Hedging, and Risk-Management Activities

We use derivatives to manage our commodity price risk related to our purchase and sales commitments to achieve more predictable cash flows. The majority of our derivatives are accounted for using mark-to-market accounting; therefore, commodity price volatility may have an impact on our earnings for a given period. These derivative instruments consist primarily of futures contracts, option or swap transactions, and forward contracts involving purchases and sales of a physical energy commodity.

We report the fair value of derivatives in the Consolidated Balance Sheets in *Derivative instruments* as assets and liabilities, and as either current or non-current. Our derivative assets and liabilities are presented on a net

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basis in circumstances where a legally enforceable master netting arrangement exists between us and the counterparty to a derivative contract. We determine the current and non-current classification based on the timing of expected future cash flows of individual contracts. The accounting for changes in the fair value of a derivative instrument depends on whether the derivative instrument has been designated and qualifies as part of a hedging relationship.

The table below summarizes the methods in which we account for our derivative instruments and the impact on our consolidated financial statements:

Accounting Treatment	Recognition and Measurement	
	Balance Sheets	Statements of Operations
Mark-to-market	- Recorded at fair value	- Changes in fair value recognized in earnings
Cash flow hedge	- Recorded at fair value - Effective portion of the gain or (loss) on the derivative instrument is reported initially in <i>Accumulated other comprehensive income (loss)</i>	- Ineffective portion of the gain or loss on the derivative instrument is recognized in earnings - Effective portion of the gain or loss on the derivative instrument is reclassified out of <i>Accumulated other comprehensive income (loss)</i> into earnings when the forecasted transaction affects earnings

We utilize derivatives to reduce commodity price uncertainty and increase cash flow predictability associated with our purchase and sales commitments. Additionally, we engage in hedging activities to reduce commodity price uncertainty and increase cash flow predictability relating to the marketing of our anticipated natural gas purchases.

We document all required relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all cash flow derivative instruments to the forecasted transactions. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. We also regularly assess whether the hedged forecasted transaction is probable of occurring. If a derivative ceases to be or is no longer expected to be highly effective, or if we believe the likelihood of occurrence of the hedged forecasted transaction is no longer probable, hedge accounting is discontinued prospectively, and future changes in the fair value of the derivative are recognized currently in *Purchases and operating expenses*. Any unrealized gain or (loss) remaining in *Accumulated other comprehensive income (loss)* at the time we discontinue hedge accounting is recognized prospectively into earnings over the remaining period(s) affected by the underlying derivative.

17. Income Taxes

The Company is a limited liability company and therefore not generally subject to federal and state income taxes. All earnings or losses of the Company are generally taxable to its members, and accordingly, no provision for income taxes has been included in our consolidated financial statements.

We evaluate tax positions taken or expected to be taken in the course of preparing our tax returns and disallow the recognition of tax positions not deemed to meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it has any tax positions taken within

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its consolidated financial statements that would not meet this threshold. We have not recognized any potential interest or penalties in our consolidated financial statements as of December 31, 2014.

We file income tax returns in the U.S. federal and various state jurisdictions. We are no longer subject to income tax examinations by major tax authorities for years prior to 2010. The Company is not currently being examined by any jurisdiction and is not aware of any potential examinations as of December 31, 2014.

18. Subsequent Events

The Company has evaluated our subsequent events for recognition and disclosure through April 2, 2015, the date the consolidated financial statements were available to be issued; and we have determined that no events require adjustments to, or disclosures in, the accompanying consolidated financial statements.

19. Recently Issued Accounting Standards Updates

Comprehensive Income – In June 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-05, *Presentation of Comprehensive Income*. Under ASU 2011-05, entities are provided the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive net income along with total other comprehensive net income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders’ equity. For nonpublic entities, the amendments were effective for fiscal years beginning after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. In December 2011, the FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. This update effectively deferred implementation of only those changes made in ASU 2011-05 related to the presentation of reclassification adjustments made out of accumulated other comprehensive income. This update was effective at the same time as ASU 2011-05, and all other provisions of ASU 2011-05 were unaffected. In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The requirements in this update superseded and replaced the presentation requirements for reclassifications out of accumulated other comprehensive income in ASU 2011-05 and ASU 2011-12 for public and nonpublic entities. These requirements seek to improve the reporting of reclassifications out of accumulated other comprehensive income by requiring an entity to report and disclose additional information. For nonpublic entities, these requirements were effective prospectively for reporting periods beginning after December 15, 2013. We adopted the new requirements as of January 1, 2014, and the new requirements therein did not have a material impact on our consolidated financial statements or the accompanying footnotes.

Discontinued Operations – In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in ASU 2014-08 change the criteria for reporting discontinued operations and enhance disclosure requirements. In accordance with the new criteria, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The newly enhanced disclosure requirements will provide financial statement users with more information about the assets, liabilities, income and expenses related to discontinued operations. For nonpublic entities, these

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requirements are effective prospectively for annual reporting periods beginning on or after December 15, 2014. We have elected to early adopt these requirements for the annual reporting period ending December 31, 2014, as permitted under ASU 2014-08. During the year ended December 31, 2014, we did not dispose of any assets that represented a strategic shift in the Company's operations, nor had any disposals of an individually significant component requiring disclosure.

Revenue Recognition – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes the current revenue recognition requirements. Under this new guidance, entities should recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. ASU 2014-09 also requires enhanced disclosures. The amendments in this ASU are effective for non-public entities for annual and interim periods beginning after December 15, 2017. Early adoption is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. Retrospective and modified retrospective application is allowed. We are currently assessing the impact of this amendment on our consolidated financial statements.

Going Concern – In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. Under this new guidance, management is required to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued (or available to be issued when applicable). Additionally, the entity must provide certain disclosures if conditions or events raise substantial doubt about its ability to continue as a going concern. The amendments in this update are effective for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. The application of this amendment is not expected to have a material impact on our consolidated financial statements.

Consolidations – In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810)*, which changes the analysis that an entity must perform to determine whether it should consolidate certain types of legal entities. The new guidance is effective for annual and interim periods beginning after December 15, 2015. We are in the process of evaluating the impact of the new guidance on our consolidated financial statements.

C - ACQUISITIONS

Acquisition of Native American Marketing, LLC – Effective September 18, 2013, the Company acquired the crude oil marketing and transportation assets and contracts of Native American Marketing, LLC ("Native American"). We entered into this transaction as a means of expanding our product offering to existing customers that also engage in crude oil activities, as well as expand into new markets not currently being served. The activities are included in our Midstream business and conducted in the name of CCES. CCES is headquartered in Houston, Texas, with crude oil marketing and transportation operations in Ohio, Oklahoma and Texas. We acquired assets including trailers, trucks, crude stations, vehicles, land, contracts, supplier relationships and an assembled workforce.

We used the acquisition method to account for this business combination, and accordingly, the new accounting basis was established using the fair value of the underlying assets. The tangible assets were valued utilizing the cost approach, and the intangible assets were valued using the income approach. The assumptions used to estimate the fair values reflect the best estimate of how we believe market participants would benefit from the use of the assets being valued. This valuation considered our expected growth plans

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made possible by our broader capital base that would permit us to broaden and better service the existing customer base, resulting in the recognition of goodwill, as the consideration paid exceeded the fair value of the assets acquired. The allocations of the estimated fair value of the Native American business combination are noted below. In addition, \$0.8 million of consulting and legal expenses were incurred in conjunction with the acquisition, and these costs are reported in *General and administrative expenses* in the Consolidated Statements of Operations for the year ended December 31, 2013. During the year ended December 31, 2014, we obtained new information concerning the assets and liabilities that existed at the acquisition date and made a \$2.0 million adjustment to those liabilities and goodwill based on the new information. Because we do not consider the adjustment to be material to our consolidated financial position, we have not adjusted the Consolidated Balance Sheet as of December 31, 2013.

	Fair Value (Thousands of dollars)
Cash	\$ 11,496
Class A units	10,000
Promissory note	1,500
Truck loans assumed	1,297
Other liabilities	<u>2,003</u>
Consideration paid	<u>\$ 26,296</u>
Trailers	\$ 4,493
Trucks	3,139
Crude stations	1,182
Vehicles	252
Land	20
Supplier relationships	12,500
Crude inventory	<u>598</u>
Net assets acquired	<u>\$ 22,184</u>
Goodwill	<u>\$ 4,112</u>

Consideration paid included 417,885 Class A units in the Company. The fair value of the units issued in connection with this acquisition was \$10.0 million. Consideration paid also included a five-year promissory note with a face value of \$1.5 million, bearing interest at the higher of 4% per annum or the maximum rate allowed under Texas law (4% at December 31, 2014).

Employment-Related Provisions of Native American Acquisition

In addition, there were an additional 62,683 Class A units in the Company issued in connection with this acquisition which are forfeitable if certain performance targets are not met within the five year term specified in the purchase agreement. The fair value of these additional units was estimated to be \$0.5 million. This amount has been included in *Other assets and deferred charges* in the Consolidated Balance Sheets and will be

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amortized as compensation expense, due to the contractual service period, and be included in *General and administrative expenses* in the Consolidated Statements of Operations.

There was also a contingent note issued in connection with this acquisition in the face amount of \$3.0 million. The payout of any amounts due under the terms of this note are tied to annual and cumulative performance targets over the next five years. The range of payment due under this note is from zero to \$3.0 million, plus interest. We determined the fair value of this note to be \$1.0 million at the acquisition date using an income approach. The fair value of this contingent consideration has been classified as compensation expense, due to the contractual service period, and is included in *General and administrative expenses* in the Consolidated Statements of Operations. During the year ended December 31, 2014, we adjusted the carrying value of the contingent note to \$3.0 million based on the expected performance of the crude operations during the five year evaluation period. Because the contingent note is considered compensation to the prior owners, the adjustment of \$2.0 million is included in *General and administrative expenses* in the Consolidated Statements of Operations.

Other – During the year ended December 31, 2014, we acquired assets consisting of equipment and customer contracts in three separate, unrelated transactions for a total of \$1.0 million. Each transaction was individually immaterial to the Company's consolidated financial position and results of operations.

D - INVESTMENTS IN JOINT VENTURES

The following table sets forth certain information regarding the Company's investments we account for using the equity method:

Equity Investment	Net Ownership %	Investment at December 31,		Equity in Earnings	
		2014	2013	2014	2013
		(Thousands of dollars)			
Kelton Gas Services, LP	40.0%	\$ 14,957	\$ 15,884	\$ 159	\$ 249
Potato Hills Gathering System	49.0%	4,345	4,637	279	357
Foss Gathering System	30.0%	381	567	(33)	(35)
Warrel Gathering System	43.7%	171	202	6	34
		\$ 19,854	\$ 21,290	\$ 411	\$ 605

At December 31, 2014, we have \$1.0 million of remaining additional carrying value in our equity method investments in excess of the underlying equity in the net assets of our investments. The excess investment balances are being amortized using accelerated methods over their estimated useful lives ranging from six to ten years. We recognized \$0.3 million and \$0.4 million of amortization expense related to our excess investment balances in 2014 and 2013, respectively. Future amortization expense for our excess investment balances is currently expected to be: \$0.3 million in each of the years 2015 and 2016 and \$0.1 million in each of the years 2017 through 2019 and thereafter.

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Summarized unaudited combined financial information on the Company's equity method investments is as follows:

Balance Sheet	December 31,	
	2014	2013
	<i>(Thousands of dollars)</i>	
Current assets	\$ 2,805	\$ 5,936
Property, plant and equipment, net	44,619	44,937
Current liabilities	2,362	3,215
Equity	45,124	47,778

Income Statement	Years ended December 31,	
	2014	2013
	<i>(Thousands of dollars)</i>	
Operating revenues	\$ 30,720	\$ 29,936
Operating expenses	(30,102)	(28,624)
Net income	846	1,313
Cash distributions received	\$ 1,501	\$ 588

E - PROPERTY, PLANT AND EQUIPMENT

The following table sets forth our property, plant and equipment by property type, for the periods indicated:

Type of Property	December 31,	
	2014	2013
	<i>(Thousands of dollars)</i>	
Gathering pipelines and related equipment	\$ 78,763	\$ 79,769
Treating and processing plants and related equipment	10,217	7,008
Rail terminal facility and storage equipment	12,473	10,510
Computer and software costs	18,114	13,363
Office equipment and leasehold improvements	2,200	1,654
Crude trucking and storage equipment	23,669	13,996
Property, plant and equipment	\$ 145,436	\$ 126,300
Accumulated depreciation	(50,136)	(39,305)
Net property, plant and equipment	\$ 95,300	\$ 86,995
Depreciation expense recorded for the year ended	\$ 11,674	\$ 8,667

Our property, plant and equipment are depreciated using straight-line and accelerated methods over their estimated depreciable lives ranging from three to thirty-nine years.

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During 2014, management determined the carrying value of a gathering pipeline system and related equipment was not supported by the estimated future cash flows, and we recorded an impairment adjustment of \$4.3 million. These assets were classified as *Property, plant and equipment, net* in the Consolidated Balance Sheets.

During 2013, management determined the carrying value of a small gathering pipeline system and related equipment was not supported by the estimated future cash flows, and we recorded an impairment adjustment of \$0.9 million. These assets were classified as *Property, plant and equipment* in the Consolidated Balance Sheets. Also during 2013, an impairment adjustment of \$0.4 million was recorded to the carrying value of certain surplus pipeline assets, based on management's estimate of the current realizable value of those assets. This surplus equipment is recognized in *Other assets and deferred charges* in the Consolidated Balance Sheets. See Note Q for information regarding an additional impairment adjustment related to a discontinued operation.

F - GOODWILL AND INTANGIBLE ASSETS

Goodwill – Goodwill represents the excess of the consideration exchanged over the fair value of net assets acquired in a business combination. The Company's carrying value for goodwill was approximately \$7.0 million and \$9.5 million at December 31, 2014 and 2013, respectively. During 2014 we recorded an additional \$2.0 million of goodwill related to the Native American business acquisition (Note C).

During the year ended December 31, 2014, management concluded there had been an impairment of the goodwill associated with our 2007 acquisition of North American Energy Corporation ("North American Energy") due to a downturn in the business associated with the North American Energy acquisition, and we recorded an impairment loss of \$4.5 million reducing the associated goodwill to zero. There were no impairment losses resulting from our 2013 goodwill impairment tests.

Intangible Assets – The following table summarizes the Company's gross carrying amount and accumulated amortization of intangible assets for the periods presented:

Type of Intangible Asset	Remaining Estimated Weighted-Average Useful Lives (Yrs.)	December 31,	
		2014	2013
<i>(Thousands of dollars)</i>			
Customer relationships and producer contracts, gross	9.3	\$ 38,362	\$ 41,715
Accumulated amortization		(23,353)	(22,774)
Gathering contract, gross	22.0	19,185	19,185
Accumulated amortization		(5,682)	(4,605)
Supplier relationships, gross	8.7	12,500	12,500
Accumulated amortization		(2,690)	(590)
Total intangible assets, net of amortization		<u>\$ 38,322</u>	<u>\$ 45,431</u>
Amortization expense recorded for the year ended		<u>\$ 7,571</u>	<u>\$ 5,850</u>
Impairment adjustment recorded for the year ended		\$ 642	\$ -

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Our intangible assets relate primarily to: (1) customer relationships, retail contracts, producer relationships or supply contracts acquired or created through business acquisitions; (2) supplier relationships obtained through the Native American acquisition in 2013; and (3) a gathering contract created through a business combination in 2009.

These intangible assets are being amortized using straight-line and accelerated methods over their estimated useful lives ranging from six to twenty-seven years. Future amortization expense for intangible assets is currently expected to be: \$6.2 million in 2015; \$5.5 million in 2016; \$4.9 million in 2017; \$3.7 million in 2018; and \$2.8 million in 2019.

G - FAIR VALUE MEASUREMENTS

Fair value is the amount received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. Fair value is a market-based measurement considered from the perspective of a market participant. We use market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation. These inputs can be readily observable, market corroborated, or unobservable. We apply both market and income approaches for recurring fair value measurements using the best available information while utilizing valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy prioritizes the inputs used to measure fair value, giving the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). We classify fair value balances based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices for identical assets or liabilities in active markets that we have the ability to access. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 measurements primarily consist of derivative instruments that are exchange-traded.
- Level 2 — Inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable. These inputs are either directly observable in the marketplace or indirectly observable through corroboration with market data for substantially the full contractual term of the asset or liability being measured. Our Level 2 measurements primarily consist of forward physical commodity purchase and sale contracts, as well as over-the-counter (“OTC”) derivative instruments such as forwards, swaps and options.
- Level 3 — Inputs that are not observable for which there is little, if any, market activity for the asset or liability being measured. These inputs reflect management’s best estimate of the assumptions market participants would use in determining fair value. We have no Level 3 derivative instruments in our portfolio.

In valuing certain assets or liabilities, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value

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measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

The following table presents, by level within the fair value hierarchy, our derivative assets and liabilities that are measured on a recurring basis:

Fair Value Measurements Using:

	December 31, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>(Millions of dollars)</i>				<i>(Millions of dollars)</i>			
Assets:								
Derivative instruments	\$ 22.5	\$ 66.3	\$ -	\$ 88.8	\$ 9.9	\$ 9.6	\$ -	\$ 19.5
Liabilities:								
Derivative instruments	\$ 72.9	\$ 11.6	\$ -	\$ 84.5	\$ 5.7	\$ 17.4	\$ -	\$ 23.1

Derivative instruments include commodity-based natural gas exchange-traded contracts and OTC contracts. Exchange-traded contracts include futures and swaps, whereas OTC contracts include forwards, swaps and options. The information included in the above table is presented on a gross basis before netting amounts by counterparty. The net amounts for derivative instrument assets and liabilities above are consistent with the net amounts for derivative instruments presented in the Consolidated Balance Sheets. We do not elect the normal purchases and normal sales exception for our physical derivative contracts.

We utilize forward settlement prices published by the Chicago Mercantile Exchange Group to determine the fair value of our derivative instruments. The determination of fair value for our assets and liabilities also incorporates the time value of money and various credit risk factors which can include the credit standing of the counterparties involved and the impact of credit enhancements (such as cash collateral posted) and our nonperformance risk on our own liability positions. The impact on the overall fair value of the credit considerations of our derivatives was not material. Our derivative instruments are presented on a net basis when a legally enforceable master netting arrangement exists between us and the counterparty to a derivative contract.

Exchange-traded contracts include New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange contracts and are valued based on quoted prices in these active markets and are classified within Level 1. Forward, swap and option contracts included in Level 2 are valued using an income approach, including present value techniques. Significant inputs into our Level 2 valuations include commodity prices, basis prices, and interest rates, as well as considering executed transactions or broker quotes corroborated by other market data. In certain instances where these inputs are not observable for all periods, relationships of observable market data and historical observations are used as a means to estimate fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. We have no derivative instruments categorized as Level 3 valuations.

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The following tables present certain assets and liabilities that have been measured at fair value on a nonrecurring basis within Level 3 of the fair value hierarchy for the years ended December 31, 2014 and 2013.

		For the Year Ended December 31, 2014	
		Fair Value	Valuation Gain/(Loss)
		<i>(Millions of dollars)</i>	
Impairment Provisions:			
Goodwill	(a)	\$ -	(a) \$ (4.5)
Customer relationships	(b)	\$ -	(b) \$ (0.6)
Gathering pipeline system and related equipment	(c)	\$ 0.8	(c) \$ (4.3)

- (a) Fair value was measured at December 31, 2014.
 (b) Fair value was measured at December 31, 2014. These assets are classified in *Intangible assets, net* in the Consolidated Balance Sheets.
 (c) Fair value was measured at December 31, 2014. This asset is classified in *Property, plant and equipment, net* in the Consolidated Balance Sheets.

		For the Year Ended December 31, 2013	
		Fair Value	Valuation Gain/(Loss)
		<i>(Millions of dollars)</i>	
Acquisition:			
Native American net assets acquired	(a)	\$ 22.2	(a) \$ -
Native American notes payable	(b)	\$ 2.5	(b) \$ -
Continuum Class A units	(c)	\$ 10.5	(c) \$ -
Impairment Provisions:			
Gathering pipeline system and related equipment	(d)	\$ -	(d) \$ 0.9
Armine treating unit	(e)	\$ 1.5	(e) \$ 2.1
Pipeline assets	(e)	\$ 1.3	(e) \$ 0.4

- (a) Fair value was measured at the acquisition date, September 18, 2013. These assets are classified in *Property, plant and equipment, net*, *Goodwill*, and *Intangible assets, net* in the Consolidated Balance Sheets.
 (b) Fair value was measured at the acquisition date, September 18, 2013. These liabilities are classified in *Long-term debt* in the Consolidated Balance Sheets at December 31, 2013, with \$0.3 million due within one year.
 (c) Fair value was measured at the acquisition date, September 18, 2013. These equity instruments are classified in *Common units subject to repurchase* and *Common unitholders' equity* in the Consolidated Balance Sheets.
 (d) Fair value was measured at December 31, 2013. This asset is classified in *Property, plant and equipment, net* in the Consolidated Balance Sheets.
 (e) Fair value was measured at December 31, 2013. These assets are classified in *Other assets and deferred charges* in the Consolidated Balance Sheets.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

Other Financial Instruments – The approximate fair values of all other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and borrowings under the credit facilities, approximate their carrying values, due to their short-term nature.

H - RISK MANAGEMENT DERIVATIVE INSTRUMENTS

Risk Management Activities – We are exposed to market risk from changes in natural gas prices within our operations. We utilize derivatives to manage our exposure to the variability in expected future cash flows from forecasted and contractually committed purchases and sales of natural gas attributable to commodity price risk. Certain of these derivatives utilized for risk management purposes have been designated as cash flow hedges, while other derivatives have not been designated as cash flow hedges or do not qualify for hedge accounting, despite hedging our future cash flows on an economic basis.

Continuum buys and sells natural gas at different locations throughout the United States. To reduce exposure attributable to fluctuations in natural gas market prices, we enter into natural gas futures contracts, swap agreements and financial option contracts to mitigate the price risk on fixed price contractual sales and purchases of natural gas. We have also entered into basis swap agreements to reduce the locational price risk associated with the sales and purchase of natural gas at specific locations. We provide marketing and risk management services, which include marketing the gas purchased from wholesale suppliers and producers. Additionally, we enter into forward contracts to buy and sell natural gas to maximize the economic value of transportation agreements and storage capacity agreements.

To reduce exposure to a decrease in margins from fluctuations in natural gas market prices, we may enter into futures contracts and swap agreements to mitigate the price risk associated with our anticipated sales of forecasted natural gas purchases. These contracts are designated as cash flow hedges and are expected to be highly effective in offsetting cash flows attributable to the hedged risk during the term of the hedge. However, ineffectiveness may be recognized primarily as a result of locational differences between the hedging derivative and the hedged item.

See Note B for further discussion of our accounting for derivative instruments and hedging accounting policies.

Derivative Volumes – Our derivative instruments are comprised of both contracts to purchase the commodities (long positions) and contracts to sell the commodities (short positions). Derivative transactions are categorized into four types:

- **Fixed Price:** Includes physical and financial derivative transactions that settle at a fixed price (NYMEX);
- **Basis:** Includes physical and financial derivative transactions priced off the difference in value between a commodity at two specific delivery points;
- **Index:** Includes physical derivative transactions at an unknown future price; and
- **Options:** Includes all fixed price options or combination of options (collars) that set a floor and/or ceiling for the transaction price of a commodity.

The tables below depict the notional amounts of the net long (short) positions in our derivatives portfolio. Natural gas is presented in millions of British Thermal Units (MMBtu). Index positions will be settled at a

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

future variable index price, with the change in the settlement price approximating the change in the forward index price used to derive the fair value.

The following tables detail the outstanding derivative instruments for each respective period:

	Commodity	December 31, 2014	
		MMBtu	Maturity
Not Designated as Hedging Instruments			
Fixed Price	Gas	1,438,132	2015-2017
Basis	Gas	(3,392,448)	2015-2017
Index	Gas	(70,323,415)	2015-2019
Designated as Hedging Instruments			
Fixed Price	Gas	557,292	2015
Basis	Gas	557,292	2015
	Commodity	December 31, 2013	
		MMBtu	Maturity
Not Designated as Hedging Instruments			
Fixed Price	Gas	1,889,701	2014-2017
Basis	Gas	(3,293,818)	2014-2017
Index	Gas	(58,597,773)	2014-2019
Designated as Hedging Instruments			
Fixed Price	Gas	450,000	2014
Basis	Gas	450,000	2014

Fair Values of Derivative Instruments – The fair value of the Company's derivative instruments is recorded in the Consolidated Balance Sheets as either current or non-current, based on the expected timing of future cash flows of the individual contracts. The Company reports all financial derivative settlements and unrealized mark-to-market adjustments on non-designated hedges as *Purchases and operating expenses*. The unrealized change in fair value of its non-designated physical fixed-price purchase and sales contracts are reported in *Commodity sales* or *Purchases and operating expenses* based on the nature of the contract.

The following table provides an overview of the Company's derivative assets and liabilities in the Consolidated Balance Sheets as of December 31, 2014 and 2013:

	Fair Value of Derivative Instruments			
	Asset Derivatives		Liability Derivatives	
	2014	2013	2014	2013
Derivatives not designated in hedging relationships:	<i>(Thousands of dollars)</i>			
Derivative instruments	\$ 60,117	\$ 10,292	\$ 55,491	\$ 13,842
Derivatives designated in hedging relationships:				
Derivative instruments	\$ -	\$ -	\$ 321	\$ 81

The Company recognized \$0.6 million and \$0.1 million of unrealized losses in *Accumulated other comprehensive income (loss)* ("AOCT") at December 31, 2014 and 2013, respectively. These amounts represent the pre-tax

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

gains from our derivative instruments designated as cash flow hedges. We expect gains of \$0.3 million related to commodity derivatives to be reclassified into earnings over the next year related to amounts currently in AOCI. The amount ultimately realized, however, will differ as commodity prices change and the underlying physical transaction occurs. There were no gains or losses recognized in earnings as a result of hedge ineffectiveness.

The following table presents net gains and losses for our energy commodity derivatives not designated as hedging instruments:

	Years ended December 31,		Classification
	2014	2013	
	<i>(Thousands of dollars)</i>		
Derivatives not designated in hedging relationships:			
Net gain (loss) recognized in earnings on cash derivative settlements	\$ 21,438	\$ (11,011)	Purchases and operating expenses
Net gain (loss) recognized in earnings on fair value adjustments to derivatives	\$ 3,490	\$ (1,091)	Purchases and operating expenses

The following table presents gains and losses for our energy commodity derivatives designated as cash flow hedges:

	Years ended December 31,		Classification
	2014	2013	
	<i>(Thousands of dollars)</i>		
Derivatives designated in hedging relationships:			
Net loss recognized in <i>Accumulated other comprehensive income (loss)</i> (effective portion)	\$ (556)	\$ (61)	<i>Accumulated other comprehensive income (loss)</i>
Net unrealized gain (loss) reclassified from <i>Accumulated other comprehensive income (loss)</i> into earnings (effective portion)	\$ (315)	\$ 144	Purchases and operating expenses

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

I - REVOLVING CREDIT FACILITIES

Effective November 6, 2014, the Company refinanced its revolving credit facilities with a syndicate of commercial lenders. Under the new credit facilities, the Company has two credit lines consisting of a \$125.0 million working capital line and a \$150.0 million acquisition and general use line. The Company may, subject to certain restrictions contained in the credit agreement, request that each of the credit lines be increased up to a maximum of \$250 million for an aggregate maximum total of \$500 million. Requested increases must be at a minimum increment of \$10 million for each of the working capital and acquisition and general use credit lines. Proceeds from the refinancing consisted of \$40.2 million used to pay off an existing revolving line of credit plus interest and \$15.0 million used to pay off the Continuum Midstream term loan. An additional \$3.5 million was used to pay loan origination fees.

Both lines of credit have maturity dates of November 5, 2017, with all outstanding principal plus unpaid interest due at that time. Interest payments are due quarterly. At the Company's election, interest accrues on the working capital line at either: (i) the Wall Street Journal Prime rate (3.25% at December 31, 2014) plus a factor ranging from 1.0% to 2.5% based on usage; or (ii) the LIBOR rate (as defined in the credit agreement) plus a factor ranging from 2.5% to 3.5% depending on usage. For the acquisition and general use line of credit, interest accrues at the Company's election of either (i) the Wall Street Journal Prime rate plus a factor ranging from 2.0% to 2.75% based on the Company's leverage ratio; or (ii) the LIBOR rate (as defined in the credit agreement) plus a factor ranging from 3.0% to 3.75% depending on the Company's leverage ratio. At December 31, 2014, the working capital line had an interest rate of 4.5%, and the acquisition and general use line had an interest rate of 5.25%. The total borrowing capacity of the working capital line is limited by our borrowing base calculation. The working capital line borrowing capacity is based on the Company's net accounts receivable balances, and the total borrowing base capacity of the acquisition and general use line is limited to 3.5 times the Company's trailing twelve month Adjusted EBITDA as defined in the credit agreement.

At December 31, 2014, Continuum had \$70.0 million in borrowings outstanding under the working capital line and \$26.7 million in borrowings outstanding under the acquisition and general use line. In addition, we had \$44.0 million in outstanding letters of credit expiring at various dates through 2015. At December 31, 2014, the working capital line and the acquisition and general use line had borrowing capacities of approximately \$1.8 million and \$68.1 million, respectively.

The credit facilities contain certain restrictive financial covenants. The working capital line requires the Company to maintain a minimum net working capital of 18% of the maximum elected working capital line. The Company must maintain a leverage ratio, as defined in the agreement, that does not exceed four to one and a senior leverage ratio, as defined in the agreement, that does not exceed 3.5 to one. The Company must also maintain a minimum tangible net worth of at least \$75.0 million and a minimum interest coverage ratio, as defined in the agreement, of at least three to one. Among other restrictive covenants, there are also restrictions on the payment of distributions to unitholders and certain limitations on the Company's ability to incur additional indebtedness. There are also restrictions on the amount of the Company's net volume exposure on commodity contracts. The credit facilities are secured by substantially all Company assets.

In December 2011, Continuum executed a multi-year credit facility with a syndicate of commercial lenders, which was set to expire on June 30, 2015. The facility was amended in April 2013 to lower the total borrowing capacity from \$100.0 million to \$85.0 million and again in February 2014, increasing the

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

borrowing capacity to \$115.0 million. The borrowing capacity was expandable, with approval of the lenders, to a total borrowing capacity of \$170.0 million. The agreement was collateralized by the Company's accounts receivable. At the Company's election, interest was at either: (i) the Wall Street Journal Prime rate, with a floor of 4.0%, minus a factor ranging from 0.25% to 0.75% based on usage; or (ii) the LIBOR rate (as defined in the credit facility) plus a factor ranging from 2.5% to 3% depending on usage. We paid total origination fees of \$0.8 million in connection with these facilities, which were being amortized over the life of the facility. In connection with the refinancing described above, we wrote off unamortized loan origination fees of \$0.2 million.

At December 31, 2013, we had \$5.0 million in borrowings outstanding under the revolving credit facility, and \$27.1 million of letters of credit issued.

J - LONG-TERM DEBT

The following table sets forth our long-term debt for the periods indicated:

Type of Indebtedness:	Description:	December 31,	
		2014	2013
		<i>(Thousands of dollars)</i>	
\$36,274 at 7.25% due 2015	Subordinated note	\$ 2,902	\$ 5,804
\$70,000 at 4.5% due 2017	Working capital line of credit	70,000	-
\$26,700 at 5.25% due 2017	Acquisition and general use line of credit	26,700	-
\$5,000 at 4.00% due 2015	Revolving credit facility	-	5,000
\$15,000 at 3.17% due 2016	Continuum Midstream, L.L.C. term note	-	15,000
\$1,500 (face value) at 4.00% due 2018	CCES promissory note	1,152	1,432
\$3,000 at 4.0% due 2015-2018	CCES contingent note	3,000	1,000
Various	CCES trucks & trailers notes	7,126	3,856
Long-term notes payable		110,880	32,092
Less: Current maturities		(4,850)	(4,072)
Total long-term debt		<u>\$ 106,030</u>	<u>\$ 28,020</u>

The aggregate maturities of long-term debt outstanding for years 2015 through 2019 are: \$4.9 million in 2015; \$5.0 million in 2016; \$98.6 million in 2017; \$1.8 million in 2018; and \$0.6 million in 2019. Total cash paid for interest in 2014 and 2013 was \$3.4 million and \$1.7 million, respectively.

Subordinated note – Effective January 1, 2007, the Company acquired 1,813,699 common units from one of its founding unitholders. The total purchase price for these units was \$36.3 million and was financed through the issuance of a subordinated note payable. The note bears interest at the rate of 7.25% per annum and provided for an initial payment of principal of \$7.3 million on May 1, 2007. During 2009, this note was refinanced to provide for extended repayment terms with six annual payments of approximately \$2.9 million, plus accrued interest, to be paid annually from May 2010 through May 2015.

Continuum Midstream, L.L.C. term note – On December 30, 2013, Continuum Midstream entered into a \$15.0 million term note, due January 3, 2016, bearing interest at the LIBOR rate (as defined by the

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

promissory note) plus 3% per annum. The term note was paid in November 2014 with proceeds from the refinancing described in Note I.

CCES notes payable – In connection with the acquisition of Native American, as described in Note C, the Company issued a \$1.5 million (face value) promissory note to Native American, bearing interest at 4.0% per annum and maturing in 2018. The Company also issued a \$3.0 million (face value) contingent note, to be paid out in installments from 2015 through 2018 if certain performance targets are achieved pursuant to the purchase agreement. Each of these notes is recorded at fair value, as discussed in Note C. In addition, the Company assumed truck notes totaling \$1.3 million. During 2014, the Company has entered into additional truck notes in the amount of \$4.4 million.

K - DEFERRED REVENUE

In March 2011, we executed amended gathering and operating arrangements pertaining to a gathering system acquired in 2009. The gathering contract terms were altered to be primarily volume-based (previously fee-based); and Continuum is now responsible for certain base levels of operating expenses and maintenance capital expenditures. The total consideration for agreeing to the amended terms amounted to \$17.3 million. The counterparty to the agreement netted the remaining \$6.7 million due on the seller-financed note related to the acquisition and paid the remaining \$10.6 million in cash to Continuum. The total consideration of \$17.3 million was recorded as deferred revenues and is being amortized into revenues on an accelerated method over the estimated remaining life of the amended gathering agreement. Such revenues are reported in the Consolidated Statements of Operations in *Gathering, transportation and treating fees*.

L - COMMITMENTS AND CONTINGENCIES

The Company enters into fixed-price purchase and sales contracts of natural gas in the ordinary course of business. At December 31, 2014, the Company had fixed-price purchase and/or sales contracts for prices ranging between \$2.75 and \$13.17 for the period of January 2015 through March 2018. In addition, the Company has additional purchase and/or sales contracts with prices that fluctuate with market prices that expire at various times through March 2018.

As further described in Note I, as of December 31, 2014 and 2013, the Company had outstanding approximately \$44.0 million and \$27.1 million, respectively, of letters of credit from a commercial bank, which are related to its purchases of commodities.

The Company occupies office space and maintains certain equipment under operating leases, some with rent escalation provisions. Rent expense was approximately \$6.0 million and \$5.4 million during 2014 and 2013, respectively. Future minimum rental payments under the terms of the leases are: \$1.9 million in 2015; \$1.8 million in 2016; \$1.7 million in 2017; \$1.6 million in 2018; and \$1.1 million in 2019.

During 2012, the Company became engaged in litigation and arbitration related to various contracts for the purchase, processing and transportation of natural gas and natural gas liquids in the Mid-Atlantic region. In October 2013, we executed a term sheet for a proposed global settlement agreement to resolve the various claims and counter-claims associated with this matter. In January 2014, final documents were executed which formalized the terms of the October agreement, and all litigation was dismissed. This settlement was not material to the Company's consolidated financial position or results of operations.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

During 2014, Continuum became engaged in a dispute related to the natural gas liquids operations and marketing through a majority owned limited liability company ("LLC"). The dispute involves certain product quality specification terms under a contract by which products are sold to a customer ("Primary Contract"). This matter has resulted in changes to operations and in certain products that would otherwise have been sold through the Primary Contract being delivered for sale through new contracts at new delivery points ("Secondary Contracts"), all at higher costs. The counterparty to the Primary Contract has also claimed damages related to the delivery of product prior to the date it initially placed the LLC on notice of its intent to impose new quality specifications for the product in question. The parties remain in discussions on the matter, and no formal legal actions have been taken. However, the final resolution is unclear, and litigation is reasonably possible. At this time we are unable to estimate a loss, if any, in this matter and the Company has not accrued for any such loss.

In early 2015, a retail subsidiary of the Company determined that the pricing of natural gas sold to a customer did not follow the specified terms of the related sales contract(s). Continuum placed the customer on notice of its discovery of the matter, and discussions with the customer have begun to discuss remediation. The currently estimated amount of the over-pricing, which was fully accrued at December 31, 2014, is not material to the Company's financial position or results of operations.

From time to time, the Company is a party to additional claims and is involved in various other litigation and administrative proceedings arising in the normal course of business. The Company believes it is unlikely that the final outcome of any of the claims, litigation or proceedings to which the Company is a party will have a material adverse effect on the Company's consolidated financial position or results of operations. All legal fees are expensed as incurred.

M - DEFINED CONTRIBUTION PLAN

The Company has a defined contribution plan (the "Plan") covering substantially all employees, which incorporates the provisions of Section 401(k) of the Internal Revenue Code. Under the Plan provisions, Continuum will match employee contributions of up to 4% of each participating employee's eligible annual compensation and may make additional discretionary contributions. Employees may make voluntary contributions to the Plan not to exceed the maximum set forth by the Internal Revenue Code. Total expense for 2014 and 2013 was approximately \$0.9 million and \$0.8 million, respectively.

N - CONCENTRATIONS OF CREDIT RISK

Derivative Instruments – We have a risk of loss from counterparties not performing pursuant to the terms of their derivative contractual obligations. Counterparty performance can be influenced by changes in the economy and other factors beyond our control. Risk of loss is impacted by several factors, including credit considerations and the regulatory environment in which counterparties transact. We attempt to minimize credit-risk exposure to derivative counterparties and brokers through formal credit policies, considerations of credit ratings from public ratings agencies, monitoring procedures, master netting arrangements and collateral support under certain circumstances. Collateral support could include letters of credit, prepayments and guarantees of payment by creditworthy parties. We assess our credit exposure to certain counterparties on a net basis to reflect master netting arrangements contractually in place. We have included in our estimate of the fair value of our derivative contracts a credit-valuation adjustment, both for the counterparty nonperformance risk on net asset positions and our nonperformance risk on net liability positions.

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

Certain of our financial derivative contracts contain credit-risk-related provisions that would require us, in certain circumstances, to post margin amounts with third parties in support of our net derivative liability positions. As of December 31, 2014, we have broker margin deposits totaling \$55.5 million posted to derivative counterparties, to support the aggregate fair value of our net derivative positions.

Commodity Sales and Purchases — We market natural gas to a wide range of wholesale and retail customers across a wide geographic area and management believes its portfolio of customers is sufficiently diversified to minimize its potential credit risks. In 2014 we had one customer from which we received 28% of our consolidated commodity sales. In 2013 we had no single customer from which we received 10% or more of our consolidated commodity sales. We also have a diverse supply base that management believes will enable us to purchase all of our supply needs at comparable market prices without a significant disruption of operations if supplies with any of our existing sources were discontinued. During the year ended December 31, 2014, we had one supplier which supplied 24% of our consolidated commodity purchases. No single supplier represented more than 10% of our consolidated commodity purchases in 2013.

We have trade receivables with a variety of customers located in the United States, which consist primarily of physical fixed-price purchase and sales contracts. This credit risk is considered by management to be limited due to the large number of customers comprising the Company's customer base. The Company also uses standardized agreements which allow for netting of positive and negative exposures associated with a single counterparty. We perform ongoing credit evaluations of our customers and generally do not require collateral related to our receivables. There were no customers at December 31, 2014, representing more than 10% of total accounts receivable. At December 31, 2013, one customer represented approximately 16% of total accounts receivable.

O - UNITHOLDERS' EQUITY

Continuum is managed by a nine member Board of Managers. As described in Note A, the Company reorganized in 2014. All CES membership units were converted into Continuum membership units with the same rights and privileges. Continuum is a Delaware limited liability company. As a result of the reorganization, the unitholders' rights are governed by the laws of Delaware whereas they were previously governed by the State of Oklahoma.

Two separate unitholders with approximately 36% of the units have been granted the right to appoint four members to the Company's Board of Managers. These unitholders have also been granted special voting privileges with respect to certain matters requiring Board approval. The special voting privileges include the requirement for at least one manager appointed by each unitholder to approve certain business decisions. At December 31, 2014, there were 12,494,612 common units outstanding, held by thirty-three unitholders, including certain Class A-1 common units that represent less than 2% of the total units outstanding. These Class A-1 units are identical to the Class A units in all respects; however they do not have voting rights. The unitholders have personal limited liability protection afforded by the limited liability company statutes of Delaware.

During 2013, the Company issued 480,568 Class A units in conjunction with the acquisition of Native American Marketing, L.L.C., as discussed in Note C. These units were converted to an equal number of Continuum units with the same rights and restrictions as the units issued in the acquisition. If certain performance targets are not met pursuant to the terms of the agreement, 62,683 of these units are forfeitable. Under the terms of the unit purchase agreement once the forfeiture period has concluded, the holder has a

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

one-time right for up to 180 days to put up to 50% of the net units received back to Continuum at an agreed upon purchase price of \$17.95 per Class A Unit. Accordingly, the estimated fair value of the net units to be received has been classified as a long term liability in the Consolidated Balance Sheets as *Common units subject to repurchase*.

P - UNIT-BASED COMPENSATION PLAN

Effective October 27, 2014, Continuum adopted the Continuum Energy, L.L.C. 2013 Profits Interest Plan (the "Profits Interest Plan"). Under the Profits Interest Plan, Parent may issue Class B units to selected Company employees as recommended by the Compensation Committee of the Board of Managers. Class B units provide unitholders the right to distributions under certain financial conditions and do not represent a present equity interest. The Class B units available for issuance under the 2013 Plan shall not exceed 20% of the number of Class A units outstanding immediately prior to the grant of awards under the 2013 Plan less the number of Class B units outstanding immediately prior to the grant of an award regardless of the vesting status of the outstanding Class B units. At December 31, 2014, 2,167,034 Parent Class B units were available for issuance under the Profits Interest Plan.

Effective November 1, 2006, the Company's Board of Managers adopted the Company's Unit Option Plan (the "Option Plan"), which permits the issuance of up to 2,000,000 new common units to employees; of which 1,504,000 remain available for future grants. Effective with the date of the Merger, all Class A-1 options granted under the Option Plan were converted into Parent Class A-1 options deemed to have the same values, terms, grant dates, vesting provisions and other conditions of the applicable award agreement, if any, as the respective Option Plan unit which was converted into or exchanged for such Class A-1 options. Effective with the date of the Merger, all Class A-1 units granted under the Option Plan converted into Parent Class A-1 units.

Awards under the Option Plan to date have been granted with similar general terms that provide for an exercise price that equals the estimated fair value of the Company's units at the date of grant, vest equally on the anniversary date over a three year period and have a ten year term. This pricing methodology ensures the awards have no intrinsic value at the grant date.

The following table sets forth the Option Plan activity as of December 31, 2014, and for the year then ended:

Options	Units (Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Years	Estimated Intrinsic Value (Thousands)
Outstanding at December 31, 2013	823	\$ 24.44	5.67	\$ 2,599
Granted	-	-	-	-
Forfeited	(327)	24.74	4.42	572
Exercised	-	-	-	-
Outstanding at December 31, 2014	<u>496</u>	<u>\$ 24.19</u>	<u>3.33</u>	<u>\$ 876</u>

Continuum Energy, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2014 and 2013

In 2014 and 2013, the Company recognized approximately \$(0.2) million as compensation income due to the reversal of previously recognized compensation expense associated with options forfeited in 2014 and \$0.4 million as compensation expense, respectively, under the Option Plan. These amounts are included in *General and administrative expenses* and included as an additional element of unitholders' equity. There were 39,664 and 88,834 unit options vested in 2014 and 2013, respectively, with a grant date fair value of \$0.4 million and \$1.1 million under the terms of the Option Plan. During 2014, no unit options were exercised. As of December 31, 2014, all unit options were vested.

Continuum estimates the fair value of its unit options utilizing a Black-Scholes model. Differences in unit-based compensation expense resulting from the use of estimated forfeiture rates are adjusted each vesting period based on actual forfeitures experienced over the vesting period. The Company issued no new unit options during 2014 or 2013.

Q - DISCONTINUED OPERATIONS

The Company owned and operated a natural gas gathering system and treating facility in Roger Mills County, Oklahoma known as the Wildhorse Gathering System. In addition, the Company purchased natural gas from system wells. In April 2011, the Company entered into an agreement to terminate the gas gathering and treating agreement on the Wildhorse system. As a part of this agreement, the Company sold the gathering assets to an entity owned by two counterparties. The gas processing plant was decommissioned at the time with plans to either sell the facility or use it elsewhere in Company operations. The plant has not yet been sold or otherwise utilized in operations. During 2013 we reassessed the carrying value of this facility and determined that an impairment charge of \$2.1 million was warranted. The current value of the facility was determined using a cost and market approach. The plant is reported in the Consolidated Balance Sheets as a non-current asset in *Other assets and deferred charges*. The impairment charge has been reported in *Discontinued operations* in the Consolidated Statements of Operations.

SUPPLEMENTARY INFORMATION

Continuum Energy, L.L.C. and subsidiaries

Supplementary Information

As of and for the Years ended December 31, 2014 and 2013

The accompanying consolidated financial statements include the accounts of Continuum Energy, L.L.C. ("Continuum", the "Company", or "Parent"); its wholly-owned subsidiaries – Continuum Energy Services, L.L.C., Continuum Retail Energy Services, L.L.C., Lakeshore Energy Services, L.L.C., Continuum Midstream, L.L.C., Unimark, L.L.C., Continuum Crude Energy Services, L.L.C., and Nebraska Resources Company, L.L.C.; and its majority-owned subsidiaries – San Bois Treating Facility, L.L.C., Continuum Murphy Liquids Terminal, L.L.C., and Vanguard Energy Services, L.L.C.

The Company is engaged in three primary business activities: natural gas marketing, producer services and midstream services.

- Natural gas marketing activities are conducted through Continuum Energy Services, L.L.C., Continuum Retail Energy Services, L.L.C., Lakeshore Energy Services, L.L.C., and Vanguard Energy Services, L.L.C. This portion of the business operates in both the wholesale and commercial retail sectors.
- Producer services activities are conducted through the parent company and its wholly-owned subsidiary, Unimark, L.L.C. This portion of the business includes well-head purchases, risk management services, gas balancing, payment of production taxes, and distribution of revenues to well owners.
- Midstream services activities are conducted through the wholly-owned subsidiary Continuum Midstream, L.L.C. Amounts presented herein for Continuum Midstream, L.L.C. are presented on a consolidated basis and include its wholly-owned subsidiary Continuum Crude Energy Services, L.L.C. and its majority-owned subsidiaries Sans Bois Treating Facility, L.L.C. and Continuum Murphy Liquids Terminal, L.L.C. This business is engaged in gas gathering, compression and processing services, rail transportation of natural gas liquids, and crude oil marketing and trucking services.

All significant intercompany transactions and balances have been eliminated in consolidation where appropriate and appear in the "Eliminations" column of these supplementary schedules. Intercompany transactions eliminated in consolidation include the sales and offsetting purchases of natural gas and natural gas liquids, certain midstream service fees, and intercompany interest charges between the parent and its majority-owned affiliate Vanguard Energy Services, L.L.C.

Whenever possible, costs that are clearly identifiable as applicable to a specific business unit are directly charged to that entity. Continuum serves as common paymaster for payroll purposes and is the service provider for most other traditional shared services such as insurance, risk management, legal services, computer services and employee benefit plans are contracted at the parent level. Costs for payroll and other shared services are directly recorded in the records of the benefiting subsidiary where possible. Certain employees provide shared services across corporate lines and costs for such employees are allocated to the benefiting subsidiaries based on gross margins, employee headcount or an employee-by-employee estimate of the time spent in providing such services. All such costs are included in *General and administrative expense* in the Consolidated Statements of Operations. There are other costs associated with corporate-level activities that are not allocated or charged to business units due to the underlying nature of the activity itself. Balance sheet amounts associated with corporate prepayments and/or accruals for shared services are recorded in the records of the Parent. Commodity hedging is done through intercompany derivatives with the Parent which, in turn, enters into offsetting derivative contracts with unrelated third parties.

Continuum Energy, L.L.C. and subsidiaries
Consolidating Balance Sheet

December 31, 2014
(Thousands of dollars)

	Continuum								Eliminations	Consolidated
	Continuum Energy, L.L.C.	Continuum Energy Services, L.L.C.	Continuum Retail Energy Services, L.L.C.	Lakeshore Energy Services, L.L.C.	Vanguard Energy Services, L.L.C.	Unimark, L.L.C.	Continuum Midstream, L.L.C.	Nebraska Resources Company, L.L.C.		
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 2,625	\$ 1,986	\$ -	\$ -	\$ -	\$ (1,139)	\$ 3,090	\$ -	\$ -	\$ 6,562
Accounts receivable, net	-	170,664	95,631	55,141	13,896	44,908	27,129	-	(163,862)	243,507
Broker margin deposits	-	55,492	-	-	-	-	-	-	-	55,492
Derivative instruments, current	-	7,377	23,668	12,259	7,053	-	-	-	-	50,357
Commodity inventories and imbalances	-	9,893	-	1,097	2,281	153	523	-	-	13,947
Other current assets and deferred charges	1,189	598	197	2,158	-	-	776	-	-	4,918
Total current assets	3,814	246,010	119,496	70,655	23,230	43,922	31,518	-	(163,862)	374,783
Investments in joint ventures	353,980	19,707	41,208	-	-	-	19,854	-	(414,895)	19,854
Property, plant and equipment, net	-	8,480	896	234	43	30	85,617	-	-	95,300
Goodwill	-	-	2,852	-	-	-	4,112	-	-	6,964
Intangible assets, net	-	8,409	4,815	1,786	-	-	23,312	-	-	38,322
Derivative instruments, non-current	-	3,015	3,435	677	2,633	-	-	-	-	9,760
Other assets and deferred charges	2,191	811	30	-	-	586	5,276	-	-	8,894
Total assets	\$ 359,985	\$ 286,432	\$ 172,732	\$ 73,352	\$ 25,906	\$ 44,538	\$ 169,689	\$ -	\$ (578,757)	\$ 553,877
LIABILITIES AND EQUITY										
CURRENT LIABILITIES:										
Accounts payable and accrued liabilities	\$ 751	\$ 181,351	\$ 72,271	\$ 19,433	\$ 5,323	\$ 27,079	\$ 41,581	\$ -	\$ (124,116)	\$ 223,673
Derivative instruments, current	-	3,401	23,888	12,042	6,642	284	-	-	-	46,257
Long-term debt, due within one year	-	2,902	-	-	-	-	1,948	-	-	4,850
Deferred revenue, current	-	-	-	-	-	-	1,043	-	-	1,043
Total current liabilities	751	187,654	96,159	31,475	11,965	27,363	44,572	-	(124,116)	275,823
Due to (from) parent	122,435	(54,012)	(10,834)	-	7,382	-	(25,224)	-	(39,747)	-
Long-term debt	96,700	-	-	-	-	-	9,330	-	-	106,030
Deferred revenue, non-current	-	-	-	-	-	-	12,041	-	-	12,041
Common units subject to repurchase	-	3,934	-	-	-	-	-	-	-	3,934
Derivative instruments, non-current	-	2,714	3,514	669	2,658	-	-	-	-	9,555
Total liabilities	219,886	140,290	88,839	32,144	22,005	27,363	40,719	-	(163,863)	407,383
CONTINGENT LIABILITIES AND COMMITMENTS										
EQUITY:										
Common unitholders	140,099	146,180	83,893	41,208	3,901	17,459	122,741	-	(416,548)	138,933
Accumulated other comprehensive loss	-	(38)	-	-	-	(284)	-	-	-	(322)
Total unitholders equity	140,099	146,142	83,893	41,208	3,901	17,175	122,741	-	(416,548)	138,611
Noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	-	6,229	-	1,654	7,883
Total equity	140,099	146,142	83,893	41,208	3,901	17,175	128,970	-	(414,894)	146,494
Total liabilities and equity	\$ 359,985	\$ 286,432	\$ 172,732	\$ 73,352	\$ 25,906	\$ 44,538	\$ 169,689	\$ -	\$ (578,757)	\$ 553,877

Continuum Energy, L.L.C. and subsidiaries
Consolidating Statement of Operations

Year ended December 31, 2014

(Thousands of dollars)

	Continuum						Nebraska Resources Company, L.L.C.	Eliminations	Consolidated
	Continuum Energy, L.L.C.	Continuum Energy Services, L.L.C.	Retail Energy Services, L.L.C.	Lakeshore Energy Services, L.L.C.	Vanguard Energy Services, L.L.C.	Unimark, L.L.C.	Continuum Midstream, L.L.C.		
REVENUES:									
Commodity sales	\$ -	\$ 1,897,445	\$ 695,790	\$ 240,671	\$ 129,383	\$ 294,780	\$ 1,118,852	\$ -	\$ 3,184,152
Gathering, transportation and treating fees	-	-	-	-	-	-	33,672	-	33,672
Other revenues	-	1,242	-	-	-	595	584	-	2,112
Total revenues	-	1,898,687	695,790	240,671	129,383	295,375	1,153,108	(309)	3,219,936
COSTS AND EXPENSES:									
Purchases and operating expenses	-	1,884,155	681,689	228,102	120,622	291,568	1,125,675	4	3,138,739
General and administrative expenses	96	18,319	9,887	6,148	3,499	2,260	12,602	-	52,811
Goodwill impairment	-	4,538	-	-	-	-	-	-	4,538
Impairment of long-lived assets	-	643	-	-	-	-	4,181	-	4,824
Depreciation and amortization	-	3,267	1,886	927	28	49	13,088	-	19,245
Total costs and expenses	96	1,910,922	693,462	235,177	124,149	293,877	1,155,546	4	3,220,157
OPERATING INCOME (LOSS)	(96)	(12,235)	2,328	5,494	5,234	1,498	(2,438)	(2)	(221)
OTHER INCOME (EXPENSE):									
Equity in earnings of joint ventures	(12,073)	16,464	5,516	-	-	-	411	-	411
Interest income	-	460	325	37	52	-	107	-	563
Interest expense	(950)	(2,143)	(14)	(15)	(450)	-	(1,039)	-	(4,193)
Loss on early extinguishment of debt	-	(160)	-	-	-	-	(58)	-	(218)
Other income (expense), net	-	3	-	-	-	-	179	-	182
Total other income (expense)	(13,023)	14,624	5,827	22	(398)	-	(400)	-	(3,255)
NET INCOME (LOSS)	(13,119)	2,389	8,155	5,516	4,836	1,498	(2,838)	(4)	(3,476)
Less: Net income (loss) attributable to noncontrolling interests	-	-	-	-	2,026	-	(639)	-	1,387
NET INCOME (LOSS) ATTRIBUTABLE TO CONTINUUM ENERGY, L.L.C.	\$ (13,119)	\$ 2,389	\$ 8,155	\$ 5,516	\$ 2,810	\$ 1,498	\$ (2,199)	\$ (4)	\$ (4,863)

Continuum Energy Services, L.L.C. and subsidiaries
Consolidating Balance Sheet

December 31, 2013
(Thousands of dollars)

	Continuum			Lakeshore	Vanguard	Unimark,	Continuum	Nebraska	Eliminations	Consolidated
	Energy Services, L.L.C.	Retail Energy Services, L.L.C.	Energy Services, L.L.C.	Energy Services, L.L.C.	Energy Services, L.L.C.	L.L.C.	Midstream, L.L.C.	Resources Company, L.L.C.		
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 1,505	\$ 389	\$ 163	\$ 1,395	\$ (975)	\$ 8,967	\$ -	\$ -	\$ -	\$ 11,444
Accounts receivable, net	169,263	87,619	20,277	12,662	23,029	84,983	-	-	(95,280)	302,553
Broker margin deposits	104	-	-	-	-	-	-	-	-	104
Derivative instruments, current	(106)	4,831	3,204	1,580	-	-	-	-	-	9,509
Commodity inventories and imbalances	9,937	-	1,096	-	23	904	-	-	-	11,960
Other current assets and deferred charges	861	23	1,126	-	-	488	-	-	-	2,498
Total current assets	181,504	92,862	25,866	15,637	22,077	95,342	-	-	(95,280)	338,068
Investments in joint ventures	218,982	35,692	-	-	-	21,290	-	-	(254,674)	21,290
Property, plant and equipment, net	5,104	206	500	65	65	81,055	-	-	-	86,995
Goodwill	4,538	2,852	-	-	-	2,109	-	-	-	9,499
Intangible assets, net	10,833	5,665	2,444	-	-	26,489	-	-	-	45,431
Derivative instruments, non-current	(139)	1,115	77	268	-	-	-	-	-	1,321
Other assets and deferred charges	868	30	-	-	586	6,087	-	-	-	8,871
Total assets	\$ 421,750	\$ 138,422	\$ 28,887	\$ 15,970	\$ 22,728	\$ 232,372	\$ -	\$ 1,300	\$ (349,954)	\$ 511,475
LIABILITIES AND EQUITY										
CURRENT LIABILITIES:										
Accounts payable and accrued liabilities	\$ 180,677	\$ 67,398	\$ 18,731	\$ 9,240	\$ 26,147	\$ 85,909	\$ -	\$ -	\$ (95,279)	\$ 292,823
Derivative instruments, current	3,243	4,995	3,127	1,643	58	-	-	-	-	13,066
Long-term debt, due within one year	2,902	-	-	-	-	1,170	-	-	-	4,072
Deferred revenue, current	-	-	-	-	-	1,043	-	-	-	1,043
Total current liabilities	186,822	72,393	21,858	10,883	26,205	88,122	-	-	(95,279)	311,004
Due to (from) parent	-	-	-	-	-	-	-	-	-	-
Long-term debt	76,882	(10,835)	(28,735)	3,124	(19,380)	(21,056)	-	-	-	28,020
Deferred revenue, non-current	7,902	-	-	-	-	20,118	-	-	-	13,084
Common units subject to repurchase	-	-	-	-	-	13,084	-	-	-	3,934
Derivative instruments, non-current	3,934	-	-	-	-	-	-	-	-	1,396
Total liabilities	275,488	62,685	(6,805)	14,256	6,825	100,268	-	-	(95,279)	357,438
CONTINGENT LIABILITIES AND COMMITMENTS										
EQUITY:										
Common unitholders	146,284	75,737	35,692	1,714	15,962	124,940	-	1,300	(255,345)	146,284
Accumulated other comprehensive loss	(22)	-	-	-	(59)	-	-	-	-	(81)
Total unitholders equity	146,262	75,737	35,692	1,714	15,903	124,940	-	1,300	(255,345)	146,203
Noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	7,164	-	-	670	7,834
Total equity	146,262	75,737	35,692	1,714	15,903	132,104	-	1,300	(254,675)	154,037
Total liabilities and equity	\$ 421,750	\$ 138,422	\$ 28,887	\$ 15,970	\$ 22,728	\$ 232,372	\$ -	\$ 1,300	\$ (349,954)	\$ 511,475

Continuum Energy Services, L.L.C. and subsidiaries
Consolidating Statement of Operations

Year ended December 31, 2013

(Thousands of dollars)

	Continuum								
	Continuum Energy Services, L.L.C.	Retail Energy Services, L.L.C.	Lakeshore Energy Services, L.L.C.	Vanguard Energy Services, L.L.C.	Unimark, L.L.C.	Continuum Midstream, L.L.C.	Nebraska Resources Company, L.L.C.	Eliminations	Consolidated
REVENUES:									
Commodity sales	\$ 1,551,695	\$ 549,400	\$ 173,799	\$ 90,798	\$ 283,996	\$ 275,706	\$ -	\$ (854,734)	\$ 2,070,660
Gathering, transportation and treating fees	-	-	-	-	-	20,112	-	(39)	20,073
Other revenues	1,121	-	-	-	524	719	-	(306)	2,050
Total revenues	<u>1,552,816</u>	<u>549,400</u>	<u>173,799</u>	<u>90,798</u>	<u>284,520</u>	<u>296,537</u>	<u>-</u>	<u>(855,079)</u>	<u>2,092,791</u>
COSTS AND EXPENSES:									
Purchases and operating expenses	1,542,473	533,932	160,318	84,346	279,994	276,741	4	(855,079)	2,022,729
General and administrative expenses	14,451	12,027	5,356	3,406	2,400	8,557	-	-	46,197
Goodwill impairment	-	-	-	-	-	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	875	385	-	1,260
Depreciation and amortization	3,359	1,674	859	30	101	8,945	-	-	14,968
Total costs and expenses	<u>1,560,283</u>	<u>547,633</u>	<u>166,533</u>	<u>87,782</u>	<u>282,495</u>	<u>295,118</u>	<u>389</u>	<u>(855,079)</u>	<u>2,085,154</u>
OPERATING INCOME (LOSS)	<u>(7,467)</u>	<u>1,767</u>	<u>7,266</u>	<u>3,016</u>	<u>2,025</u>	<u>1,419</u>	<u>(389)</u>	<u>-</u>	<u>7,637</u>
OTHER INCOME (EXPENSE):									
Equity in earnings of joint ventures	11,006	7,298	-	-	-	605	-	(18,304)	605
Interest income	310	212	46	38	-	-	-	(286)	320
Interest expense	(1,939)	(16)	(13)	(312)	-	(216)	-	286	(2,210)
Other income (expense), net	-	(4)	-	-	-	882	-	-	878
Total other income (expense)	<u>9,377</u>	<u>7,490</u>	<u>33</u>	<u>(274)</u>	<u>-</u>	<u>1,271</u>	<u>-</u>	<u>(18,304)</u>	<u>(407)</u>
NET INCOME FROM CONTINUING OPERATIONS	<u>1,910</u>	<u>9,257</u>	<u>7,299</u>	<u>2,742</u>	<u>2,025</u>	<u>2,690</u>	<u>(389)</u>	<u>(18,304)</u>	<u>7,230</u>
Impairment loss on discontinued operations	-	-	-	-	-	(2,088)	-	-	(2,088)
NET INCOME (LOSS)	<u>1,910</u>	<u>9,257</u>	<u>7,299</u>	<u>2,742</u>	<u>2,025</u>	<u>602</u>	<u>(389)</u>	<u>(18,304)</u>	<u>5,142</u>
Less: net income attributable to noncontrolling interests	-	-	-	1,084	-	2,148	-	-	3,232
NET INCOME (LOSS) ATTRIBUTABLE TO CONTINUUM ENERGY SERVICES, L.L.C.	<u>\$ 1,910</u>	<u>\$ 9,257</u>	<u>\$ 7,299</u>	<u>\$ 1,658</u>	<u>\$ 2,025</u>	<u>\$ (1,546)</u>	<u>\$ (389)</u>	<u>\$ (18,304)</u>	<u>\$ 1,910</u>



Consolidated Financial Statements, Supplementary
Information and Report of Independent Certified Public
Accountants

Seminole Energy Services, L.L.C. and subsidiaries

December 31, 2013 and 2012

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Grant Thornton LLP
2431 E. 61st Street, Suite 500
Tulsa, OK 74136-1208
T 918.877.0800
F 918.877.0805
GrantThornton.com
Linkd.in/GrantThorntonUS
Twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members

Seminole Energy Services, L.L.C.

We have audited the accompanying consolidated financial statements of Seminole Energy Services, L.L.C. (an Oklahoma limited liability company) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the years then ended, 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 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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 Seminole Energy Services, L.L.C. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 as of December 31, 2013, and the consolidating statement of income for the year then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Tulsa, Oklahoma
May 30, 2014

Seminole Energy Services, L.L.C. and subsidiaries

Consolidated Balance Sheets

December 31, 2013 and 2012
(Thousands of dollars)

	<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:			
Cash and cash equivalents		\$ 11,444	\$ 16,294
Accounts receivable, net		302,553	192,377
Broker margin deposits		104	5,416
Derivative instruments, current		9,509	14,061
Commodity inventories and imbalances		11,960	10,618
Other current assets and deferred charges		2,498	2,142
Total current assets		338,068	240,908
Investments in joint ventures		21,290	20,952
Property, plant and equipment, net		86,995	65,233
Goodwill and intangible assets, net		54,930	46,171
Derivative instruments, non-current		1,321	1,316
Other assets and deferred charges		8,871	10,121
Total assets		<u>\$ 511,475</u>	<u>\$ 384,701</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		\$ 292,823	\$ 189,994
Derivative instruments, current		13,066	13,075
Long-term debt due within one year		4,072	2,902
Deferred revenue, current		1,043	1,155
Total current liabilities		311,004	207,126
Long-term debt		28,020	5,804
Deferred revenue, non-current		13,084	14,078
Common units subject to repurchase		3,934	-
Derivative instruments, non-current		1,396	1,403
Total liabilities		357,438	228,411
CONTINGENT LIABILITIES AND COMMITMENTS			
EQUITY:			
Common unitholders		146,284	148,439
Accumulated other comprehensive income		(81)	124
Total unitholders' equity		146,203	148,563
Noncontrolling interests in consolidated subsidiaries		7,834	7,727
Total equity		154,037	156,290
Total liabilities and equity		<u>\$ 511,475</u>	<u>\$ 384,701</u>

The accompanying notes are an integral part of these consolidated financial statements.

Seminole Energy Services, L.L.C. and subsidiaries

Consolidated Statements of Income

Years ended December 31, 2013 and 2012
(Thousands of dollars)

	<u>2013</u>	<u>2012</u>
REVENUES:		
Commodity sales	\$ 2,070,660	\$ 1,539,211
Gathering, transportation and treating fees	20,073	17,291
Other revenues	2,058	1,699
Total revenues	<u>2,092,791</u>	<u>1,558,201</u>
COSTS AND EXPENSES:		
Purchases and operating expenses	2,022,729	1,489,275
General and administrative expenses	46,197	38,988
Depreciation and amortization	14,968	14,086
Total costs and expenses	<u>2,083,894</u>	<u>1,542,349</u>
OPERATING INCOME	<u>8,897</u>	<u>15,852</u>
OTHER INCOME (EXPENSE):		
Equity in earnings of joint ventures	605	1,369
Interest income	320	232
Interest expense	(2,210)	(1,881)
Impairment of long-lived assets	(1,260)	-
Other income (expense), net	878	543
Total other income (expense)	<u>(1,667)</u>	<u>263</u>
NET INCOME FROM CONTINUING OPERATIONS	7,230	16,115
Impairment loss on discontinued operations	<u>(2,088)</u>	<u>-</u>
NET INCOME	5,142	16,115
Less: Net income attributable to noncontrolling interests	<u>3,232</u>	<u>2,715</u>
NET INCOME ATTRIBUTABLE TO SEMINOLE ENERGY SERVICES, L.L.C.	<u>\$ 1,910</u>	<u>\$ 13,400</u>

The accompanying notes are an integral part of these consolidated financial statements.

Seminole Energy Services, L.L.C. and subsidiaries

Consolidated Statements of Comprehensive Income

Years ended December 31, 2013 and 2012
(Thousands of dollars)

	2013	2012
Net income	\$ 5,142	\$ 16,115
Other comprehensive loss		
Change in unrealized value of derivative hedging instruments	(61)	213
Reclassification into earnings on settlements of derivative instruments	(144)	(1,083)
Total other comprehensive loss	(205)	(870)
Comprehensive income	4,937	15,245
Less: Comprehensive income attributable to noncontrolling interests	3,232	2,715
Comprehensive income attributable to Seminole Energy Services, L.L.C.	\$ 1,705	\$ 12,530

The accompanying notes are an integral part of these consolidated financial statements.

Seminole Energy Services, L.L.C. and subsidiaries

Consolidated Statements of Equity

Years ended December 31, 2013 and 2012
(Thousands of dollars)

	2013	2012
COMMON UNITHOLDERS' EQUITY:		
Beginning balance	\$ 148,439	\$ 169,361
Contributions from unitholders	6,558	35
Purchase of unitholder's equity interest	-	(3,075)
Unit-based compensation expense	351	2,611
Distributions to unitholders	(10,974)	(33,893)
Net income attributable to Seminole Energy Services, L.L.C.	1,910	13,400
Ending balance	<u>146,284</u>	<u>148,439</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Beginning balance	124	994
Net losses on cash flow hedges	(205)	(870)
Ending balance	<u>(81)</u>	<u>124</u>
TOTAL UNITHOLDERS' EQUITY	<u>146,203</u>	<u>148,563</u>
NONCONTROLLING INTERESTS:		
Beginning balance	7,727	6,820
Contributions from noncontrolling interests	738	-
Distributions to noncontrolling interests	(3,863)	(1,808)
Net income attributable to noncontrolling interests	3,232	2,715
Ending balance	<u>7,834</u>	<u>7,727</u>
TOTAL EQUITY	<u>\$ 154,037</u>	<u>\$ 156,290</u>

The accompanying notes are an integral part of these consolidated financial statements.

Seminole Energy Services, L.L.C. and subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012
(Thousands of dollars)

	2013	2012
OPERATING ACTIVITIES:		
Net income	\$ 5,142	\$ 16,115
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,019	14,124
Amortization of deferred loan costs	489	289
Amortization of deferred revenue	(1,106)	(1,155)
Equity in earnings of joint ventures	(605)	(1,369)
Distributions received from joint ventures	588	908
Provision for doubtful accounts	235	(199)
Unit-based compensation expense	351	2,611
Impairment of long-lived assets	3,348	-
Gains on sale of assets	(982)	(339)
Derivative instruments	4,325	3,084
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(110,411)	1,403
Broker margin deposits	5,312	23,990
Commodity inventories and imbalances	(744)	353
Other assets and deferred charges	(4,195)	866
Accounts payable and accrued liabilities	102,829	(7,011)
Net cash provided by operating activities	<u>19,595</u>	<u>53,670</u>
INVESTING ACTIVITIES:		
Proceeds from sale of assets	5,487	2,056
Purchases of pipeline and system equipment	(13,864)	(713)
Purchases of office and other equipment	(5,889)	(1,555)
Purchases of crude oil trucking and storage equipment	(1,786)	-
Investments in joint ventures	(720)	(800)
Cash paid for acquisition	(11,496)	-
Net cash used in investing activities	<u>(28,268)</u>	<u>(1,012)</u>
FINANCING ACTIVITIES:		
Proceeds from credit facilities	40,000	45,353
Repayments of credit facilities	(20,000)	(60,353)
Proceeds from term notes	963	-
Repayments of term notes	(139)	-
Repayments of subordinated note	(2,902)	(2,902)
Purchase of unitholder's equity interests	-	(3,075)
Contributions from noncontrolling interests	738	-
Distributions paid to noncontrolling interests	(3,863)	(1,808)
Contributions from unitholders	-	35
Distributions paid to unitholders	(10,974)	(33,893)
Net cash provided by (used in) financing activities	<u>3,823</u>	<u>(56,643)</u>
Decrease in cash and cash equivalents	(4,850)	(3,985)
Cash and cash equivalents at beginning of year	16,294	20,279
Cash and cash equivalents at end of year	<u>\$ 11,444</u>	<u>\$ 16,294</u>

The accompanying notes are an integral part of these consolidated financial statements.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements

Years ended December 31, 2013 and 2012

A - OPERATIONS AND ORGANIZATION:

1. Nature of Operations

Seminole Energy Services, L.L.C. (an Oklahoma limited liability company) and subsidiaries are involved in three primary business activities: natural gas marketing, producer services and midstream. The natural gas marketing takes place in the wholesale market as well as the retail market to commercial and industrial consumers in deregulated markets. The Company's marketing operations are principally conducted in Arkansas, Colorado, Illinois, Kansas, Kentucky, Michigan, Missouri, Nebraska, Oklahoma, Texas and Wyoming. The producer services operations include well-head purchase contracts, risk management services, gas balancing, payment of production taxes and distribution of revenues to well owners primarily in the Mid-Continent and Mid-Atlantic regions. Midstream includes gas gathering, compression and gas processing services in Kansas, Kentucky, Oklahoma, Tennessee, Texas and Virginia. In September 2013, our midstream business expanded into the marketing and transportation of crude oil in Ohio, Oklahoma and South Texas, with the acquisition described in Note C. The Company is privately owned, with thirty-three unitholders owning a total of 12,494,612 common units at December 31, 2013. The Company and its subsidiaries are collectively referred to in this report as "we," "us," "Seminole," or the "Company."

2. Financial Statement Presentation

The consolidated financial statements include the accounts of Seminole Energy Services, L.L.C.; its wholly-owned subsidiaries – Seminole Retail Energy Services, L.L.C., Lakeshore Energy Services, L.L.C., Seminole Gas Company, L.L.C., North American Crude Energy Services, L.L.C., Unimark, L.L.C., and Nebraska Resources Company, L.L.C.; and its majority-owned subsidiaries – San Bois Treating Facility, L.L.C., Seminole Murphy Liquids Terminal, L.L.C., and Vanguard Energy Services, L.L.C. Investments in affiliates are accounted for using the equity method of accounting if we have the ability to exercise significant influence over operating and financial policies of our investee. All significant intercompany transactions and balances have been eliminated in consolidation.

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that may affect the amounts reported in the consolidated financial statements and accompanying notes.

Significant estimates and assumptions include, but are not limited to the following:

- Commodity inventory valuation;
- Impairment assessments of investments, long-lived assets and goodwill;
- Depreciable lives of fixed assets and useful lives of amortizable intangibles;
- Valuation of assets and liabilities acquired in business combinations;
- Allocation of costs to operating units;
- Unbilled commodity revenues for gas delivered but for which meters have not been read;

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

- Gas purchases expense for which no invoice has been received;
- Allowance for doubtful accounts;
- Probability and amount of litigation-related contingencies;
- Fair value of financial instruments and forward physical commodity purchase and sale contracts; and
- Hedge accounting correlations and probability of occurrence of forecasted transactions.

We evaluate these estimates on an ongoing basis using historical experience, consultation with experts and utilizing other methods we consider reasonable based on the particular circumstances. Nevertheless, actual results and values may differ from the estimates. Any effects on our financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revision become known. Such changes and refinements in estimation methodologies are reflected in reported results of operations, and if material, the effects of changes in estimates are disclosed in the notes to the consolidated financial statements.

2. Revenue Recognition

Natural gas marketing revenues for the sales of natural gas and natural gas liquids are recognized at the time of delivery of the product to the customer. Producer Services revenues from service labor, treating, compression and gas gathering are recognized upon completion of the service. Midstream revenues from transportation capacity payments are recognized when earned in the period the capacity is made available.

Results from our marketing activities are primarily generated through the purchase of natural gas from natural gas producers, wholesale suppliers and other supply points and the sale of that natural gas to commercial customers, thereby generating gross margins based upon the difference between the purchase and resale prices.

Results from our producer services activities are primarily generated through the purchase of natural gas from natural gas producers, wholesale suppliers and other supply points and the sale of that natural gas to other marketers and pipeline companies, thereby generating gross margins based upon the difference between the purchase and resale prices. We also offer producers risk management services, gas balancing, payment of production taxes and distribution of revenues through fee-based arrangements.

Results from our midstream field services activities are determined primarily by the volumes of natural gas gathered, compressed, treated, processed, purchased and sold through our pipeline and gathering systems and the level of natural gas and natural gas liquids prices. We generate these midstream revenues and gross margins under three different methods: (1) Fee-based arrangements – under which we receive a fee for natural gas gathering, compressing, treating or processing services, for which the revenue earned is directly related to the volume of natural gas that flows or capacity provided through our systems and is not directly dependent on commodity prices; (2) Percent-of-Index-Price arrangements – under which we purchase natural gas at a percentage discount to a specified index price and then sell the resulting natural gas to third parties; and (3) Percentage-of-Proceeds arrangements – under which we gather and process natural gas on behalf of producers, sell the residue gas and natural gas liquids volumes at market prices and remit to producers an agreed upon percentage of the proceeds based on an index price. Midstream revenues and gross margins from the crude oil trading and transportation activities are generated by the purchase and sale of crude oil at the wellhead or plant tailgate and the transportation of producer-owned crude oil.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

3. Cash and Cash Equivalents

Our cash and cash equivalents balance includes all highly liquid investments which are readily convertible into cash and have original maturities of three months or less from the acquisition date. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit.

4. Accounts Receivable, Net

Accounts receivable are carried on a gross basis, with no discounting, less an allowance for doubtful accounts. These balances principally consist of amounts due from the sale of commodities or the delivery of services to customers. Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment upon receipt of the invoice. We estimate the allowance for doubtful accounts based on existing economic conditions, the financial conditions of our customers and the amount and age of past due accounts. Accounts are written off and charged to the allowance for doubtful accounts, only after collection attempts have been exhausted. Trade accounts receivable is stated net of the allowance for doubtful accounts of approximately \$0.5 million at December 31, 2013 and 2012.

5. Broker Margin Deposits

In connection with its risk-management and hedging activities the Company is required to provide certain brokers with cash deposits as collateral to cover the credit risk associated with its net derivative liability positions.

6. Commodity Inventories and Imbalances

The value of commodity inventories in storage is determined using the lower of weighted-average cost or market method. Commodity imbalances are valued at market or their contractually stipulated rate. Commodity imbalances are settled in cash or made up in-kind, subject to the terms of the agreements.

7. Property, Plant and Equipment

Our properties are carried at either cost, or at their estimated acquisition date fair value for business combinations. All acquisitions of businesses are accounted for using the acquisition method of accounting which requires, among other things, that assets acquired be recognized at their estimated fair values as of the acquisition date. Transaction costs related to the acquisition of businesses are expensed as incurred. When the Company acquires net assets that do not constitute a business under GAAP, acquired assets are recorded at cost.

Our properties are depreciated using straight-line and accelerated methods over their estimated useful lives. We periodically conduct depreciation evaluations to assess the economic lives of our assets, and if it is determined that the estimated economic life changes, then the changes are made prospectively. Changes in the estimated lives of our properties could have a material effect on our financial position or results of operations. Material expenditures that enhance the functionality or extend the useful lives of our assets are capitalized. The costs of property, plant and equipment that are sold or retired, and the related accumulated depreciation, are removed from the Consolidated Balance Sheets and any associated gain or loss is reflected in current period earnings. Ordinary maintenance and repair costs are expensed as incurred. None of the

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

Company's property, plant and equipment has legal retirement obligations requiring recognition in the consolidated financial statements. See Note E for disclosures of our property, plant and equipment.

8. Goodwill

Goodwill represents the excess of the consideration exchanged over the fair value of the net assets of the business acquired. Goodwill is evaluated at least annually for impairment. In performing that evaluation, we first assess qualitative factors in determining whether it is more likely than not that the reporting unit's fair value is less than its carrying amount. If the qualitative factors indicate it is more likely than not that a reporting unit's carrying value exceeds fair value, we compare our estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the fair value is less than the carrying value, a potential impairment is indicated, and we perform a test to measure the amount of the impairment. That test calculates the implied fair value of the goodwill by deducting the fair value of all tangible and intangible assets and liabilities of the reporting unit from the estimate of fair value. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we will record an impairment charge.

We use an income valuation approach to estimate the fair value of our reporting units. Under the income approach, we use anticipated cash flows over a period of years and discount these amounts to their present value using rates of return that are consistent with a market participant's perspective. Judgments and assumptions are inherent in our estimate of future cash flows used to determine the estimate of the reporting unit's fair value. See Note G for disclosures of our goodwill. Additionally, see Note C for discussion of goodwill recorded in conjunction with acquisitions.

9. Intangible Assets

Intangible assets consist of contractual customer relationships, existing customer contracts and producer contracts acquired in business combinations. Intangible assets are amortized using straight-line and accelerated methods over their estimated useful lives. We periodically conduct evaluations to assess the economic lives of our intangible assets, and if it is determined that the estimated economic life changes, then the changes are made prospectively. Changes in the estimated lives of our intangible assets could have a material effect on our financial position or results of operations. Intangible assets are assessed for impairment whenever events or changes in circumstances indicate that their carrying value may exceed their estimated fair value, based on the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the assets. See Note G for disclosures of our intangible assets. In addition, see Note C for intangible assets recorded in conjunction with acquisitions.

10. Other Assets and Deferred Charges

Other assets and deferred charges includes \$3.2 million in surplus midstream and pipeline assets not currently used in operations. These assets are not being depreciated and are being held for future use in operations or sale, as circumstances permit. The remaining balance includes \$2.3 million in long-term accounts receivable, \$1.5 million in long-term deposits and \$1.9 million other deferred charges which will be amortized into earnings in future periods.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

11. Advertising Costs

Advertising costs are expensed as incurred and were \$0.4 million in 2013 and \$0.4 million in 2012. Direct mailing and media broadcast made up the majority of our advertising costs.

12. Impairment of Long-Lived Assets and Investments

We evaluate our long-lived assets and investments for impairment when events or changes in circumstances indicate, in our judgment, that the carrying value of such assets may not be recoverable. When an indicator of impairment has occurred, we compare our estimate of undiscounted future cash flows attributable to the assets to the carrying value of the assets to determine whether the asset is recoverable. We apply a probability-weighted approach, where appropriate, to consider the likelihood of different cash flow assumptions in determining the undiscounted cash flows. If an impairment of the carrying value has occurred, we determine the amount of the impairment recognized in the consolidated financial statements by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value.

For assets considered held for sale, we compare the carrying value to the estimated fair value less the cost to sell to determine if recognition of an impairment is required. Impairment tests are performed when events or circumstances indicate the assets may have been impaired.

We evaluate our investments for impairment when events or changes in circumstances indicate, in our judgment, that the carrying value of such investments may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, we compare our estimate of fair value of the investment to the carrying value of the investment to determine whether an impairment loss has occurred. If the estimated fair value is less than the carrying value and we consider the decline in value to be other-than-temporary, the excess of the carrying value over the fair value is recognized in the consolidated financial statements as an impairment loss.

Judgments and assumptions are inherent in our management's estimate of undiscounted future cash flows and an asset's fair value. Additionally, judgment is used to determine the probability of sale with respect to assets considered for disposal. The use of alternate judgments and/or assumptions could result in the recognition of different levels of impairment charges in the consolidated financial statements.

13. Contingencies

Our accounting for contingencies primarily addresses contingencies for legal exposures. We accrue these contingencies when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered, and an amount can be reasonably estimated. We base our estimates on currently available facts and our estimates of the ultimate outcome or resolution. Actual results may differ from our estimates resulting in an impact, positive or negative, on earnings. See Note M for additional information about our contingencies.

14. Transportation Costs

As part of our normal operations, we charge customers transportation costs related to physical commodity sales. We report this revenue on a gross basis because the revenue has been earned for the transportation services provided, since we are responsible for collecting the sales price from a customer, but must pay the

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

amount owed to the transportation provider, thereby assuming credit risk. The Company reports these transportation revenues and related transportation costs separately in both *commodity sales* and *purchases and operating expenses*, respectively.

15. Sales Taxes

As part of our normal operations, we collect certain sales, use and other taxes from our customers and remit such taxes to the proper taxing authorities. We report these taxes on a "net basis," meaning such amounts are not reported separately in both *commodity sales* and *purchases and operating expenses*.

16. Derivative Instruments, Hedging, and Risk-Management Activities

We use derivatives to manage our commodity price risk related to our purchase and sales commitments to achieve more predictable cash flows. The majority of our derivatives are accounted for using mark-to-market accounting; therefore, commodity price volatility may have an impact on our earnings for a given period. These derivative instruments consist primarily of futures contracts, option or swap transactions, and forward contracts involving purchases and sales of a physical energy commodity.

We report the fair value of derivatives in the Consolidated Balance Sheets in derivative instruments as assets and liabilities, and as either current or non-current. Our derivative assets and liabilities are presented on a net basis in circumstances where a legally enforceable master netting arrangement exists between us and the counterparty to a derivative contract. We determine the current and non-current classification based on the timing of expected future cash flows of individual contracts. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship.

The table below summarizes the methods in which we account for our derivative instruments and the impact on our consolidated financial statements:

Accounting Treatment	Recognition and Measurement	
	Balance Sheets	Statements of Income
Mark-to-market	- Recorded at fair value	- Changes in fair value recognized in earnings
Cash flow hedge	- Recorded at fair value - Effective portion of the gain or loss on the derivative instrument is reported initially in <i>accumulated other comprehensive income</i>	- Ineffective portion of the gain or loss on the derivative instrument is recognized in earnings - Effective portion of the gain or loss on the derivative instrument is reclassified out of <i>accumulated other comprehensive income</i> into earnings when the forecasted transaction affects earnings

Seminole utilizes derivatives to reduce commodity price uncertainty and increase cash flow predictability associated with its purchase and sales commitments. Additionally, Seminole engages in hedging activities to reduce commodity price uncertainty and increase cash flow predictability relating to the marketing of our anticipated natural gas purchases.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

We document all required relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all cash flow derivative instruments to the forecasted transactions. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. We also regularly assess whether the hedged forecasted transaction is probable of occurring. If a derivative ceases to be or is no longer expected to be highly effective, or if we believe the likelihood of occurrence of the hedged forecasted transaction is no longer probable, hedge accounting is discontinued prospectively, and future changes in the fair value of the derivative are recognized currently in *purchases and operating expenses*.

17. Income Taxes

The Company is a limited liability company and therefore not generally subject to federal and state income taxes. All earnings or losses of the Company are generally taxable to its members, and accordingly, no provision for income taxes has been included in the Company's consolidated financial statements.

We evaluate tax positions taken or expected to be taken in the course of preparing our tax returns and disallow the recognition of tax positions not deemed to meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it has any tax positions taken within its consolidated financial statements that would not meet this threshold. We have not recognized any potential interest or penalties in our consolidated financial statements as of December 31, 2013.

Seminole files income tax returns in the U.S. federal and various state jurisdictions. We are no longer subject to income tax examinations by major tax authorities for years prior to 2008. The Company is not currently being examined by any jurisdiction and is not aware of any potential examinations as of December 31, 2013.

18. Subsequent Events

The Company has evaluated our subsequent events for recognition and disclosure through May 30, 2014, the date the consolidated financial statements were issued; and we have determined that no events require adjustments to, or disclosures in, the accompanying consolidated financial statements.

19. Recently Issued Accounting Standards Updates

Discontinued Operations – In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in ASU 2014-08 change the criteria for reporting discontinued operations and enhance disclosure requirements. In accordance with the new criteria, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. The newly enhanced disclosure requirements will provide financial statement users with more information about the assets, liabilities, income and expenses related to discontinued operations. For nonpublic entities, these requirements are effective prospectively for annual reporting periods beginning on or after December 15, 2014. We have elected to early adopt these requirements for the annual reporting period ending December 31, 2013, as permitted under ASU 2014-08. During 2013, Seminole did not dispose of any assets that represented a strategic shift in the Company's operations, nor had any disposals of an individually significant component requiring disclosure.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

Goodwill – In January 2014, the FASB issued ASU 2014-02, *Accounting for Goodwill*. The amendments in ASU 2014-02 permit a private company to amortize goodwill on a straight-line basis over a period of ten years, or less if the company demonstrates that another useful life is more appropriate. It also permits a private company to apply a simplified impairment model to goodwill. The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014. Early application is permitted. Seminole has not elected to adopt this alternative accounting treatment for goodwill, and therefore this amendment will not have an impact on our consolidated financial statements or the accompanying disclosures.

Indefinite-Lived Intangible Assets – In July 2012, the FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. This amendment seeks to achieve consistency between the impairment testing requirements for indefinite-lived intangibles and the impairment testing requirements for goodwill, as recently amended by ASU 2011-08. Similar to the new goodwill requirements, this amendment allows an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. An entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on this qualitative assessment, that it is more likely than not the indefinite-lived intangible asset is impaired. This amendment was effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We adopted this guidance for our annual assessments in 2013, and it did not have a material impact on our consolidated financial statements or the accompanying disclosures.

Offsetting Assets and Liabilities – In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*. This amendment requires enhanced disclosures about financial and derivative instruments that are eligible for offset in the statement of financial position, and instruments or transactions that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the statement of financial position. In response to stakeholder concerns that the scope of ASU 2011-11 is unclear, and could therefore result in diversity in practice, the FASB issued ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, in January 2013. This amendment clarifies that the scope of ASU 2011-11 includes entities that have derivatives accounted for in accordance with Accounting Standards Codification Topic 815, *Derivatives and Hedging*. The amendments from both updates were effective for annual reporting periods beginning on or after January 1, 2013, and require retrospective application at that time. The adoption of this guidance did not have a material impact on our consolidated financial statements or the accompanying disclosures.

Comprehensive Income – In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income*. Under ASU 2011-05, entities are provided the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive net income along with total other comprehensive net income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. In December 2011, the FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. This update effectively deferred implementation of only those changes made in

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

ASU 2011-05 related to the presentation of reclassification adjustments made out of accumulated other comprehensive income. This update is effective at the same time as ASU 2011-05, and all other provisions of ASU 2011-05 were unaffected. In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The requirements in this update supersede and replace the presentation requirements for reclassifications out of accumulated other comprehensive income in ASU 2011-05 and ASU 2011-12 for public and nonpublic entities. These requirements seek to improve the reporting of reclassifications out of accumulated other comprehensive income by requiring an entity to report and disclose additional information. For nonpublic entities, these requirements are effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted. We have not early adopted any of these updates, and we do not anticipate any of the new requirements therein will have a material impact on the consolidated financial statements or the accompanying footnotes.

Fair Value Measurements – In May 2011, the Financial Accounting Standards Board (“FASB”) issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* (“IFRS”). These amendments change certain fair value measurement principles and disclosure requirements in order to provide more consistent requirements for measurement and more common disclosures between GAAP and IFRS. The new requirements were effective with the Company’s year ending December 31, 2012. In February 2013, the FASB issued ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*. Contrary to the stated intent of ASU 2011-04 to exempt all nonpublic entities from this particular disclosure, ASU 2013-03 establishes that nonpublic entities with total assets of \$100 million or more, or that have one or more derivative instruments, do not qualify for the intended exemption. The requirements in this update were effective upon issuance, and did not have a material impact on our consolidated financial statements or the accompanying disclosures. See Note H for our fair value measurement disclosures.

C - ACQUISITION

Acquisition of Native American Marketing, L.L.C. – Effective September 18, 2013, the Company acquired the crude oil marketing and transportation assets and contracts of Native American Marketing, L.L.C. (“Native American”). We entered into this transaction as a means of expanding our product offering to existing customers that also engage in crude oil activities, as well as expand into new markets not currently being served. The activities are included in our Midstream business and conducted in the name of North American Crude Energy Services, L.L.C. (“North American”), a wholly-owned subsidiary of the Company. North American is headquartered in Houston, Texas, with crude oil marketing and transportation operations in Ohio, Oklahoma and South Texas. Seminole acquired assets including trailers, trucks, crude stations, vehicles, land, contracts, supplier relationships and an assembled workforce.

We used the acquisition method to account for this business combination, and accordingly, the new accounting basis was established using the fair value of the underlying assets. The tangible assets were valued utilizing the cost approach, and the intangible assets were valued using the income approach. The assumptions used to estimate the fair values reflect the best estimate of how we believe market participants would benefit from the use of the assets being valued. The valuation resulted in the recognition of goodwill, as the consideration paid exceeded the fair value of the assets acquired. The allocations of the estimated fair value of the North American business combination are noted below. In addition, \$0.8 million of consulting and legal expenses were incurred in conjunction with the acquisition, and these costs are reported in *general and administrative expenses* in the Consolidated Statements of Income for the year ended December 31, 2013.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

	Fair Value (Thousands of dollars)
Cash	\$ 11,496
Class A units	10,000
Promissory note	1,500
Truck loans assumed	<u>1,297</u>
Consideration paid	<u>\$ 24,293</u>
Trailers	\$ 4,493
Trucks	3,139
Crude stations	1,182
Vehicles	252
Land	20
Supplier relationships	12,500
Crude inventory	<u>598</u>
Net assets acquired	<u>\$ 22,184</u>
Goodwill	<u>\$ 2,109</u>

Consideration paid included 417,885 Class A Seminole units. The fair value of the units issued in connection with this acquisition was \$10.0 million. Consideration paid also included a five-year promissory note with a face value of \$1.5 million, bearing interest at the higher of 4% per annum or the maximum rate allowed under Texas law (4% at December 31, 2013).

In addition, there were an additional 62,683 Class A Seminole units issued in connection with this acquisition which are forfeitable if certain performance targets are not met within the five year term specified in the purchase agreement. The fair value of these additional units was estimated to be \$0.5 million. This amount has been included in *other assets and deferred charges* in the Consolidated Balance Sheets and will be amortized as compensation expense, due to the contractual service period, and included in *general and administrative expenses* in the Consolidated Statements of Income.

There was also a contingent note issued in connection with this acquisition in the face amount of \$3.0 million. The payout of any amounts due under the terms of this note are tied to annual and cumulative performance targets over the next five years. The range of payment due under this note is from zero to \$3.0 million, plus interest. We have determined the fair value of this note to be \$1.0 million using an income approach. The fair value of this contingent consideration has been classified as compensation expense, due to the contractual service period, and is included in *general and administrative expenses* in the Consolidated Statements of Income.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

D - INVESTMENTS IN JOINT VENTURES

The following table sets forth certain information regarding the Company's investments we account for using the equity method:

Equity Investment	Net Ownership %	Investment at December 31,		Equity in Earnings	
		2013	2012	2013	2012
(Thousands of dollars)					
Kelton Gas Services, LP	40.0%	\$ 15,884	\$ 15,066	\$ 249	\$ 954
Potato Hills Gathering System	49.0%	4,637	4,893	357	439
Foss Gathering System	30.0%	567	783	(35)	(50)
Warrel Gathering System	43.7%	202	210	34	26
		\$ 21,290	\$ 20,952	\$ 605	\$ 1,369

At December 31, 2013, we have \$1.3 million recorded of additional carrying value in our equity method investments in excess of the underlying equity in the net assets of our investments. The excess investment balances are being amortized using accelerated methods over their estimated useful lives ranging from six to ten years. We recognized \$0.4 million and \$0.5 million of amortization expense related to our excess investment balances in 2013 and 2012, respectively. Future amortization expense for our excess investment balances is currently expected to be: \$0.3 million in 2014; \$0.3 million in 2015; \$0.3 million in 2016; \$0.1 million in 2017; and \$0.1 million in 2018.

Summarized unaudited combined financial information on the Company's equity method investments is as follows:

Balance Sheet	December 31,	
	2013	2012
	(Thousands of dollars)	
Current assets	\$ 5,996	\$ 4,699
Property, plant and equipment, net	44,937	43,990
Current liabilities	3,215	2,509
Non-current liabilities	(60)	86
Equity	47,778	46,095
Income Statement	Years ended December 31,	
	2013	2012
	(Thousands of dollars)	
Operating revenues	\$ 29,936	\$ 40,566
Operating expenses	(28,624)	(37,393)
Net income	1,313	3,175
Cash distributions received	\$ 588	\$ 908

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Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

E - PROPERTY, PLANT AND EQUIPMENT

The following table sets forth our property, plant and equipment by property type, for the periods indicated:

Type of Property	Remaining Estimated Weighted-Average Useful Lives (Yrs.)	December 31,	
		2013	2012
		<i>(Thousands of dollars)</i>	
Gathering pipelines and related equipment	12.2	\$ 79,769	\$ 71,059
Treating and processing plants and related equipment	4.3	7,008	10,004
Rail terminal facility and storage equipment	7.5	10,510	8,415
Computer and software costs	3.1	13,363	8,729
Office equipment and leasehold improvements	3.8	1,654	1,427
Crude trucking and storage equipment	7.2	13,996	-
Property, plant and equipment		\$ 126,300	\$ 99,634
Accumulated depreciation		(39,305)	(34,401)
Net property, plant and equipment		\$ 86,995	\$ 65,233
Depreciation expense recorded for the year ended		\$ 8,667	\$ 7,715

Our property, plant and equipment are depreciated using straight-line and accelerated methods over their estimated depreciable lives ranging from three to thirty-nine years.

F - IMPAIRMENT ADJUSTMENTS

During 2013, management determined the carrying value of a small gathering pipeline system and related equipment was not supported by the estimated future cash flows and an impairment adjustment of \$0.9 million was recorded. These assets were classified as *property, plant and equipment* in the Consolidated Balance Sheets. Also during 2013, an impairment adjustment of \$0.4 million was recorded to the carrying value of certain surplus pipeline assets, based on management's estimate of the current realizable value of those assets. This surplus equipment is recognized in *other assets and deferred charges* in the Consolidated Balance Sheets. See Note R for information regarding an additional impairment adjustment related to a discontinued operation.

G - GOODWILL AND INTANGIBLE ASSETS

Goodwill – Goodwill represents the excess of the consideration exchanged over fair value of the net assets of the business acquired. The Company's carrying value for goodwill was \$9.5 million and \$7.4 million at December 31, 2013 and 2012, respectively. During 2013 we recorded an additional \$2.1 million of goodwill related to the North American business acquisition (Note C). There were no impairment losses resulting from our 2013 goodwill impairment tests.

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Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

Intangible Assets – The following table summarizes the Company’s gross carrying amount and accumulated amortization of intangible assets for the periods presented:

Type of Intangible Asset	Remaining Estimated	December 31,	
	Weighted-Average		
	Useful Lives (Yrs.)	2013	2012
		<i>(Thousands of dollars)</i>	
Customer relationships and producer contracts, gross	10.7	\$ 41,715	\$ 46,737
Accumulated amortization		(22,774)	(23,678)
Gathering contract, gross	24.0	19,185	19,185
Accumulated amortization		(4,605)	(3,465)
Supplier relationships, gross	9.7	12,500	-
Accumulated amortization		(590)	-
Total intangible assets, net of amortization		<u>\$ 45,431</u>	<u>\$ 38,779</u>
Amortization expense recorded for the year ended		<u>\$ 5,850</u>	<u>\$ 5,830</u>
Impairment adjustment recorded for the year ended		<u>\$ -</u>	<u>\$ -</u>

Our intangible assets relate primarily to: (1) customer relationships, retail contracts, producer relationships or supply contracts acquired or created through business acquisitions; (2) supplier relationships obtained through the North American acquisition in 2013; and (3) a gathering contract created through a business combination in 2009.

These intangible assets are being amortized using straight-line and accelerated methods over their estimated useful lives ranging from six to twenty-seven years. Future amortization expense for intangible assets is currently expected to be: \$6.8 million in 2014; \$6.4 million in 2015; \$5.6 million in 2016; \$5.0 million in 2017; and \$3.6 million in 2018.

H - FAIR VALUE MEASUREMENTS

Fair value is the amount received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. Fair value is a market-based measurement considered from the perspective of a market participant. We use market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation. These inputs can be readily observable, market corroborated, or unobservable. We apply both market and income approaches for recurring fair value measurements using the best available information while utilizing valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy prioritizes the inputs used to measure fair value, giving the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). We classify fair value balances based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

- Level 1 — Quoted prices for identical assets or liabilities in active markets that we have the ability to access. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 measurements primarily consist of derivative instruments that are exchange-traded.
- Level 2 — Inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable. These inputs are either directly observable in the marketplace or indirectly observable through corroboration with market data for substantially the full contractual term of the asset or liability being measured. Our Level 2 measurements primarily consist of forward physical commodity purchase and sale contracts, as well as over-the-counter (OTC) derivative instruments such as forwards, swaps and options.
- Level 3 — Inputs that are not observable for which there is little, if any, market activity for the asset or liability being measured. These inputs reflect management's best estimate of the assumptions market participants would use in determining fair value. We have no Level 3 derivative instruments in our portfolio.

In valuing certain assets or liabilities, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

The following table presents, by level within the fair value hierarchy, our derivative assets and liabilities that are measured on a *recurring* basis:

Fair Value Measurements Using:

	December 31, 2013				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>(Millions of dollars)</i>				<i>(Millions of dollars)</i>			
Assets:								
Derivative instruments	\$ 9.9	\$ 9.6	\$ -	\$ 19.5	\$ 3.9	\$ 17.0	\$ -	\$ 20.9
Liabilities:								
Derivative instruments	\$ 5.7	\$ 17.4	\$ -	\$ 23.1	\$ 14.8	\$ 5.2	\$ -	\$ 20.0

Derivative instruments include commodity-based natural gas exchange-traded contracts and OTC contracts. Exchange-traded contracts include futures and swaps, whereas OTC contracts include forwards, swaps and options. The information included in the above table is presented on a gross basis before netting amounts by counterparty. The net amounts for derivative instrument assets and liabilities above are consistent with the net amounts for derivative instruments presented in the Consolidated Balance Sheets. We do not elect the normal purchases and normal sales exception for our physical derivative contracts.

We utilize forward settlement prices published by the Chicago Mercantile Exchange Group to determine the fair value of our derivative instruments. The determination of fair value for our assets and liabilities also incorporates the time value of money and various credit risk factors which can include the credit standing of the counterparties involved and the impact of credit enhancements (such as cash collateral posted) and our

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

nonperformance risk on our own liability positions. The impact on the overall fair value of the credit considerations of our derivatives was not material. Our derivative instruments are presented on a net basis when a legally enforceable master netting arrangement exists between us and the counterparty to a derivative contract.

Exchange-traded contracts include New York Mercantile Exchange and Intercontinental Exchange contracts and are valued based on quoted prices in these active markets and are classified within Level 1. Forward, swap and option contracts included in Level 2 are valued using an income approach, including present value techniques. Significant inputs into our Level 2 valuations include commodity prices, basis prices, and interest rates, as well as considering executed transactions or broker quotes corroborated by other market data. In certain instances where these inputs are not observable for all periods, relationships of observable market data and historical observations are used as a means to estimate fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. We have no derivative instruments categorized as Level 3 valuations.

The following table presents certain assets and liabilities that have been measured at fair value on a *nonrecurring* basis within Level 3 of the fair value hierarchy for the year ended December 31, 2013. There were no assets or liabilities that were measured at fair value on a *nonrecurring* basis within Level 3 of the fair value hierarchy for the year ended December 31, 2012.

	For the Year Ended December 31, 2013	
	Fair Value	Valuation Gain/(Loss)
	<i>(Millions of dollars)</i>	
Acquisition (Note C):		
North American net assets acquired	(a) \$ 22.2	(a) \$ -
North American notes payable	(b) \$ 2.5	(b) \$ -
Seminole Class A units	(c) \$ 10.5	(c) \$ -
Impairment Provisions (Note F):		
Gathering pipeline system and related equipment	(d) \$ -	(d) \$ 0.9
Amine treating unit	(e) \$ 1.5	(e) \$ 2.1
Pipeline assets	(e) \$ 1.3	(e) \$ 0.4

(a) Fair value was measured at the acquisition date, September 18, 2013; see Note C for discussion of the acquisition. These assets are classified in *property, plant and equipment, net* and *goodwill and intangible assets, net* in the Consolidated Balance Sheets.

(b) Fair value was measured at the acquisition date, September 18, 2013; see Note C for discussion of the acquisition. These liabilities are classified in *long-term debt* in the Consolidated Balance Sheets, with \$0.3 million due within one year.

(c) Fair value was measured at the acquisition date, September 18, 2013; see Note C for discussion of the acquisition. These equity instruments are classified in *common units subject to repurchase* and *common unitholders' equity* in the Consolidated Balance Sheets.

(d) Fair value was measured at December 31, 2013; see Note F for discussion of the impairment adjustment. This asset is classified in *property, plant and equipment, net* in the Consolidated Balance Sheets.

(e) Fair value was measured at December 31, 2013; see Note F for discussion of the impairment adjustment. These assets are classified in *other assets and deferred charges* in the Consolidated Balance Sheets.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

Other Financial Instruments – The approximate fair values of all other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and borrowings under the credit facilities, approximate their carrying values, due to their short-term nature.

I - RISK MANAGEMENT DERIVATIVE INSTRUMENTS

Risk Management Activities – We are exposed to market risk from changes in natural gas prices within our operations. We utilize derivatives to manage our exposure to the variability in expected future cash flows from forecasted and contractually committed purchases and sales of natural gas attributable to commodity price risk. Certain of these derivatives utilized for risk management purposes have been designated as cash flow hedges, while other derivatives have not been designated as cash flow hedges or do not qualify for hedge accounting, despite hedging our future cash flows on an economic basis.

Seminole buys and sells natural gas at different locations throughout the United States. To reduce exposure attributable to fluctuations in natural gas market prices, we enter into natural gas futures contracts, swap agreements and financial option contracts to mitigate the price risk on fixed price contractual sales and purchases of natural gas. We have also entered into basis swap agreements to reduce the locational price risk associated with the sales and purchase of natural gas at specific locations. We provide marketing and risk management services, which include marketing the gas purchased from wholesale suppliers and producers. Additionally, we enter into forward contracts to buy and sell natural gas to maximize the economic value of transportation agreements and storage capacity agreements.

To reduce exposure to a decrease in margins from fluctuations in natural gas market prices, we may enter into futures contracts and swap agreements to mitigate the price risk associated with our anticipated sales of forecasted natural gas purchases. These contracts are designated as cash flow hedges and are expected to be highly effective in offsetting cash flows attributable to the hedged risk during the term of the hedge. However, ineffectiveness may be recognized primarily as a result of locational differences between the hedging derivative and the hedged item.

See Note B for further discussion of our accounting for derivative instruments and hedging accounting policies.

Derivative Volumes – Our derivative instruments are comprised of both contracts to purchase the commodities (long positions) and contracts to sell the commodities (short positions). Derivative transactions are categorized into four types:

- **Fixed Price:** Includes physical and financial derivative transactions that settle at a fixed price (NYMEX);
- **Basis:** Includes physical and financial derivative transactions priced off the difference in value between a commodity at two specific delivery points;
- **Index:** Includes physical derivative transactions at an unknown future price; and
- **Options:** Includes all fixed price options or combination of options (collars) that set a floor and/or ceiling for the transaction price of a commodity.

The tables below depict the notional amounts of the net long (short) positions in our derivatives portfolio. Natural gas is presented in millions of British Thermal Units (MMBtu). Index positions will be settled at a

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

future variable index price, with the change in the settlement price approximating the change in the forward index price used to derive the fair value.

The following tables detail the outstanding derivative instruments for each respective period:

	Commodity	December 31, 2013	
		MMBtu	Maturity
Not Designated as Hedging Instruments			
Fixed Price	Gas	1,889,701	2014-2017
Basis	Gas	(3,293,818)	2014-2017
Index	Gas	(58,597,773)	2014-2019
Designated as Hedging Instruments			
Fixed Price	Gas	450,000	2014
Basis	Gas	450,000	2014

	Commodity	December 31, 2012	
		MMBtu	Maturity
Not Designated as Hedging Instruments			
Fixed Price	Gas	2,360,378	2013-2015
Basis	Gas	(3,069,370)	2013-2016
Index	Gas	(46,938,040)	2013-2018
Options	Gas	50,000	2013
Designated as Hedging Instruments			
Fixed Price	Gas	570,000	2013-2014
Basis	Gas	570,000	2013-2014

Fair Values of Derivative Instruments – The fair value of the Company's derivative instruments is recorded in the Consolidated Balance Sheets as either current or non-current, based on the expected timing of future cash flows of the individual contracts. The Company reports all financial derivative settlements and unrealized mark-to-market adjustments on non-designated hedges to *purchases and operating expenses*. The unrealized change in fair value of its non-designated physical fixed-price purchase and sales contracts are reported in *commodity sales or purchases and operating expenses* based on the nature of the contract.

The following table provides an overview of the Company's derivative assets and liabilities in the Consolidated Balance Sheets as of December 31, 2013 and 2012:

	Fair Value of Derivative Instruments			
	Asset Derivatives		Liability Derivatives	
	2013	2012	2013	2012
Derivatives not designated in hedging relationships:	(Thousands of dollars)			
Derivative instruments	\$ 10,292	\$ 15,207	\$ 13,842	\$ 14,432
Derivatives designated in hedging relationships:				
Derivative instruments	\$ -	\$ 170	\$ 81	\$ 46

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Notes to Consolidated Financial Statements - Continued

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The Company recognized \$0.1 million of unrealized gains in *accumulated other comprehensive income* ("AOCI") at December 31, 2013 and 2012. These amounts represent the pre-tax gains from our derivative instruments designated as cash flow hedges. We expect gains of \$0.1 million related to commodity derivatives to be reclassified into earnings over the next year related to amounts currently in AOCI. The amount ultimately realized, however, will differ as commodity prices change and the underlying physical transaction occurs. There were no gains or losses recognized in earnings as a result of hedge ineffectiveness.

The following table presents net gains and losses for our energy commodity derivatives not designated as hedging instruments:

	Years Ended		Classification
	December 31, 2013	December 31, 2012	
Derivatives not designated in hedging relationships:	<i>(Thousands of dollars)</i>		
Net gain (loss) recognized in earnings on cash derivative settlements	\$ (11,011)	\$ (52,608)	<i>Purchases and operating expenses</i>
Net gain (loss) recognized in earnings on fair value adjustments to derivatives	\$ (1,091)	\$ (1,924)	<i>Purchases and operating expenses</i>

The following table presents gains and losses for our energy commodity derivatives designated as cash flow hedges:

	Years Ended		Classification
	December 31, 2013	December 31, 2012	
Derivatives designated in hedging relationships:	<i>(Thousands of dollars)</i>		
Net gain (loss) recognized in <i>accumulated other comprehensive income</i> (effective portion)	\$ (61)	\$ 213	<i>Accumulated other comprehensive income</i>
Net gain (loss) reclassified from <i>accumulated other comprehensive income</i> into earnings (effective portion)	\$ 144	\$ 1,083	<i>Purchases and operating expenses</i>

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Years ended December 31, 2013 and 2012

J - REVOLVING CREDIT FACILITIES

On December 12, 2011, Seminole executed a multi-year credit facility with a syndicate of commercial lenders, which expires on June 30, 2015. The syndicate of lenders provided the Company a total borrowing capacity of up to \$100.0 million at December 31, 2012, which was expandable, with approval of the lenders, to a total borrowing capacity of \$200.0 million. The agreement was collateralized by Seminole's accounts receivables, and it provided a maximum amount of \$100.0 million of the capacity to be available for working capital and other short-term borrowing needs of the Company at December 31, 2012. At the election of Seminole, interest was at either: (i) the lead bank's prime rate minus a factor ranging from 0.25% to 0.75% based on usage; or (ii) the LIBOR rate (as defined in the credit facility) plus a factor ranging from 2.5% to 3% depending on usage.

This facility was amended April 10, 2013, with the total borrowing capacity being decreased to \$85.0 million. This amount is expandable, with approval of the lenders, to a total borrowing capacity of \$170.0 million. The agreement remains collateralized by Seminole's accounts receivables and provides a maximum amount of \$85.0 million of the capacity to be available for working capital and other short-term borrowing needs of the Company. At the election of Seminole, interest is at either: (i) the Wall Street Journal Prime rate, with a floor of 4.0%, minus a factor ranging from 0.25% to 0.75% based on usage; or (ii) the LIBOR rate (as defined in the credit facility) plus a factor ranging from 2.5% to 3% depending on usage. We paid total origination fees of \$0.8 million in connection with these facilities, which is being amortized over the life of the facility.

A second amendment to the facility was executed on September 18, 2013, to allow for the acquisition of North American, and to permit Seminole to issue letters of credit on behalf of North American. A third amendment to the facility was executed on February 18, 2014, increasing the total borrowing capacity to \$115.0 million.

The total borrowing capacity of the facility is limited by our borrowing base calculation, which is based on the Company's accounts receivable balances. The credit facility contains customary covenants, including certain limitations on the Company's ability to incur additional indebtedness; issue cash distributions to its unitholders; make certain acquisitions, loans or investments; or enter into a merger or sale of significant assets, including the sale or transfer of interests in its subsidiaries. The Company is in compliance with these covenants as of December 31, 2013 and 2012.

At December 31, 2013, Seminole had \$5.0 million in borrowings outstanding, and \$27.1 million of letters of credit issued, leaving \$52.9 million of credit available under the terms of the agreement. These letters of credit expire at various dates through 2014.

At December 31, 2012, Seminole had no borrowings outstanding, and \$10.5 million of letters of credit issued, leaving \$74.5 million of credit available under the terms of the agreement. These letters of credit expired at various dates throughout 2013.

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Notes to Consolidated Financial Statements - Continued

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K - LONG-TERM DEBT

The following table sets forth our long-term debt for the periods indicated:

Type of Indebtedness:	Description:	December 31,	
		2013	2012
		(Thousands of dollars)	
\$36,274 at 7.25% due 2015	Subordinated note	\$ 5,804	\$ 8,706
\$5,000 at 4.00% due 2015	Revolving credit facility	5,000	-
\$15,000 at 3.17% due 2016	Seminole Gas Company, L.L.C. term note	15,000	-
\$1,500 (face value) at 4.00% due 2018	North American promissory note	1,432	-
\$3,000 (face value) due 2014-2018	North American contingent note	1,000	-
Various	North American trucks & trailers notes	3,856	-
Long-term notes payable		32,092	8,706
Less: Current maturities		(4,072)	(2,902)
Total long-term debt		\$ 28,020	\$ 5,804

The aggregate maturities of long-term debt outstanding for years 2014 through 2018 are: \$4.1 million in 2014; \$24.1 million in 2015; \$1.2 million in 2016; \$1.0 million in 2017; and \$1.7 million in 2018. Total interest paid in 2013 and 2012 was \$1.7 million and \$1.7 million, respectively.

Subordinated note – Effective January 1, 2007, Seminole acquired 1,813,699 common units from one of its founding unitholders. The total purchase price for these units was \$36.3 million and was financed through the issuance of a subordinated note payable. The note bears interest at the rate of 7.25% per annum and provided for an initial payment of principal of \$7.3 million on May 1, 2007. During 2009, this note was refinanced to provide for extended repayment terms with six annual payments of approximately \$2.9 million, plus accrued interest, to be paid annually from May 2010 through May 2015.

Seminole Gas Company, L.L.C. term note – On December 30, 2013, Seminole Gas Company, L.L.C. (“Seminole Gas”) entered into a \$15.0 million term note, due January 3, 2016 and bearing interest at the LIBOR rate (as defined by the promissory note) plus 3% per annum. We paid total loan fees of \$0.1 million in connection with the note, which is being amortized over the life of the note. Under the terms of the note, Seminole Gas is subject to compliance with certain covenants; however, the terms of the note do not include any financial covenants.

North American notes payable – In connection with the acquisition of Native American, as described in Note C, Seminole issued a \$1.5 million (face value) promissory note to Native American, bearing interest at 4.0% per annum and maturing in 2018. Seminole also issued a \$3.0 million (face value) contingent note, to be paid out in installments from 2014 through 2018 if certain performance targets are achieved pursuant to the purchase agreement. Each of these notes is recorded at fair value, as discussed in Note C. In addition, Seminole assumed truck notes totaling \$1.3 million. Since the date of acquisition, the Company has entered into additional truck notes in the amount of \$4.2 million.

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Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

L - DEFERRED REVENUE

In March 2011, we executed amended gathering and operating arrangements pertaining to a gathering system acquired in 2009. The gathering contract terms were altered to be primarily volume-based (previously fee-based); and Seminole is now responsible for certain base levels of operating expenses and maintenance capital expenditures. The total consideration for agreeing to the amended terms amounted to \$17.3 million. The counterparty to the agreement netted the remaining \$6.7 million due on the seller-financed note related to the acquisition and paid the remaining \$10.6 million in cash to Seminole. The total consideration of \$17.3 million was recorded as deferred revenues and is being amortized into revenues on an accelerated method over the estimated remaining life of the amended gathering agreement. Such revenues are reported in the Consolidated Statements of Income in *gathering, transportation and treating fees*.

M - COMMITMENTS AND CONTINGENCIES

The Company enters into fixed-price purchase and sales contracts of natural gas in the ordinary course of business. At December 31, 2013, the Company had fixed-price purchase and/or sales contracts for prices ranging between \$3.05 and \$11.94 for the period of January 2014 through March 2018. In addition, the Company has additional purchase and/or sales contracts with prices that fluctuate with market prices that expire at various times through March 2018.

As further described in Note J, as of December 31, 2013 and 2012, the Company had outstanding approximately \$27.1 million and \$10.5 million, respectively, of letters of credit from a commercial bank, which are related to its purchases of commodities.

The Company occupies office space and maintains certain equipment under operating leases, some with rent escalation provisions. Rent expense was approximately \$5.4 million and \$5.6 million during 2013 and 2012, respectively. Future minimum rental payments under the terms of the leases are: \$1.6 million in 2014; \$0.9 million in 2015; \$0.7 million in 2016; \$0.7 million in 2017; and \$0.7 million in 2018.

During 2012, Seminole became engaged in litigation and arbitration related to various contracts for the purchase, processing and transportation of natural gas and natural gas liquids in the Mid-Atlantic region. In October 2013, we executed a Term Sheet for a proposed global settlement agreement to resolve the various claims and counter-claims associated with this matter. In January 2014, final documents were executed which formalized the terms of the October agreement, and all litigation was dismissed. Under the terms of these agreements, proceeds from the sales of natural gas liquids from a facility which was part of the dispute were reallocated. The Company also agreed to purchase the counterparty's interest in a net profits interest they held in another facility under the dispute. In addition, Seminole agreed to the sale of another gas processing facility under the dispute to the counterparty co-owner. The other major terms of the settlement extended the term of certain of the subject agreements and amended service rates thereunder. None of these changes resulted in any impairment adjustment to the carrying value of assets affected by this settlement. This settlement is not material to the Company's financial position or results of operations.

From time to time, the Company is a party to additional claims and involved in various other litigation and administrative proceedings arising in the normal course of business. The Company believes it is unlikely that the final outcome of any of the claims, litigation or proceedings to which the Company is a party will have a

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Notes to Consolidated Financial Statements - Continued

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material adverse effect on the Company's consolidated financial position or results of operations. All legal fees are expensed as incurred.

N - DEFINED CONTRIBUTION PLAN

The Company has a defined contribution plan (the "Plan") covering substantially all employees, which incorporates the provisions of Section 401(k) of the Internal Revenue Code. Under the Plan provisions, Seminole will match employee contributions of up to 4% of each participating employee's eligible annual compensation and may make additional discretionary contributions. Employees may make voluntary contributions to the Plan not to exceed the maximum set forth by the Internal Revenue Code. Total expense for 2013 and 2012 was approximately \$0.8 million and \$0.7 million, respectively.

O - CONCENTRATIONS OF CREDIT RISK

Derivative Instruments – We have a risk of loss from counterparties not performing pursuant to the terms of their derivative contractual obligations. Counterparty performance can be influenced by changes in the economy and other factors beyond our control. Risk of loss is impacted by several factors, including credit considerations and the regulatory environment in which counterparties transact. We attempt to minimize credit-risk exposure to derivative counterparties and brokers through formal credit policies, considerations of credit ratings from public ratings agencies, monitoring procedures, master netting arrangements and collateral support under certain circumstances. Collateral support could include letters of credit, prepayments and guarantees of payment by creditworthy parties. We assess our credit exposure to certain counterparties on a net basis to reflect master netting arrangements contractually in place. We have included in our estimate of the fair value of our derivative contracts a credit-valuation adjustment, both for the counterparty nonperformance risk on net asset positions and our nonperformance risk on net liability positions.

Certain of our financial derivative contracts contain credit-risk-related provisions that would require us, in certain circumstances, to post margin amounts with third parties in support of our net derivative liability positions. As of December 31, 2013, we have broker margin deposits totaling \$0.1 million posted to derivative counterparties, to support the aggregate fair value of our net derivative positions.

Commodity Sales and Purchases – We market natural gas to a wide range of wholesale and retail customers across a wide geographic area and management believes its portfolio of customers is sufficiently diversified to minimize its potential credit risks. In 2013 and 2012, we had no single customer from which we received 10% or more of our consolidated commodity sales. We also have a diverse supply base that management believes will enable it to purchase all of its supply needs at comparable market prices without a significant disruption of operations if supplies with any of its existing sources were discontinued.

We have trade receivables with a variety of customers located in the United States, which consist primarily of physical fixed-price purchase and sales contracts. This credit risk is considered by management to be limited due to the large number of customers comprising the Company's customer base. The Company also uses standardized agreements, which allow for netting of positive and negative exposures associated with a single counterparty. Seminole performs ongoing credit evaluations of its customers and generally does not require collateral related to its receivables. At December 31, 2013 one customer represented approximately 16% of the total accounts receivable. There were no customers at December 31, 2012 representing greater than 10% of total accounts receivable.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

P - UNITHOLDERS' EQUITY

Seminole is managed by a nine member Board of Managers, increased to ten in February 2014. Two separate unitholders with approximately 36% of the units have been granted the right to appoint four members to the Company's Board of Managers. These unitholders have also been granted special voting privileges with respect to certain matters requiring Board approval. The special voting privileges include the requirement for at least one manager appointed by each unitholder to approve certain business decisions. At December 31, 2013, there were 12,494,612 common units outstanding, held by thirty-three unitholders, including certain Class A-1 common units issued in 2010 that represent less than 2% of the total units outstanding. These Class A-1 units are identical to the Class A units in all respects; however they do not have voting rights. The unitholders have personal limited liability protection afforded by the limited liability company statutes of Oklahoma.

During 2013, Seminole issued 480,568 Class A units in conjunction with the acquisition of Native American Marketing, L.L.C., as discussed in Note C. If certain performance targets are not met pursuant to the terms of the agreement, 62,683 of these units are forfeitable. Under the terms of the unit purchase agreement once the forfeiture period has concluded, the holder has a one-time right for up to 180 days to put up to 50% of the net units received back to the Company at an agreed upon purchase price of \$17.95 per Class A Unit. Accordingly, the estimated fair value of the net units to be received has been classified as a long term liability in the Consolidate Balance Sheets as *common units subject to repurchase*.

In 2007, the Company entered into an agreement to acquire North American Energy Corporation, a business with natural gas marketing operations in the Mid-Atlantic region. This agreement included a provision for the unitholder, after one year, to put up to 100% of the units received as contingent consideration back to the Company at 80% of their fair value. During 2012, the unitholder exercised the right contained in this provision, and the Company purchased 100% of his common units (154,840) for \$3.1 million.

Q - UNIT-BASED COMPENSATION PLAN

Effective November 1, 2006, Seminole's Board of Managers adopted the Company's Unit Option Plan (the "Option Plan"), which permits the issuance of up to 2,000,000 new common units to employees; of which 1,172,700 remain available for future grants. Awards under the Option Plan to date have been granted with similar general terms that provide for an exercise price that equals the estimated fair value of the Company's units at the date of grant, vest equally on the anniversary date over a three year period and have a ten year term. This pricing methodology ensures the awards have no intrinsic value at the grant date.

Seminole Energy Services, L.L.C. and subsidiaries

Notes to Consolidated Financial Statements - Continued

Years ended December 31, 2013 and 2012

The following table sets forth the Option Plan activity as of December 31, 2013 and for the year then ended:

Options	Units (Thousands)	Weighted Average Exercise Price	Weighted Average Remaining Years	Estimated Intrinsic Value (Thousands)
Outstanding at December 31, 2012	1,173	\$ 25.98	6.17	\$ 2,947
Granted	-	-	-	-
Forfeited	(350)	29.63	6.75	23
Exercised	-	-	-	-
Outstanding at December 31, 2013	<u>823</u>	24.44	5.67	2,599
Exercisable at December 31, 2013	<u>761</u>	<u>\$ 23.97</u>	<u>5.25</u>	<u>\$ 2,599</u>

In 2013 and 2012, the Company recognized approximately \$0.4 million and \$2.6 million, respectively, as compensation expense under the Option Plan. These amounts are included in *general and administrative expenses* and included as an additional element of unitholders' equity. There were 88,834 and 188,840 options vested in 2013 and 2012, respectively, with a grant date fair value of \$1.1 million and \$2.2 million under the terms of the Option Plan. During 2013, no unit options were exercised. As of December 31, 2013, there was \$0.2 million of total unrecognized compensation cost related to the non-vested unit awards, which is expected to be recognized over the remaining vesting period of 0.75 years.

Seminole estimates the fair value of its options utilizing a Black-Scholes model. Differences in unit-based compensation expense resulting from the use of estimated forfeiture rates are adjusted each vesting period based on actual forfeitures experienced over the vesting period. The Company issued no new unit options during 2013 or 2012.

R - DISCONTINUED OPERATIONS

Seminole owned and operated a natural gas gathering system and treating facility in Roger Mills County, Oklahoma known as the Wildhorse Gathering System. In addition, Seminole purchased natural gas from system wells. In April 2011, Seminole entered into an agreement to terminate the gas gathering and treating agreement on the Wildhorse system. As a part of this agreement, Seminole sold the gathering assets to an entity owned by two counterparties. The gas processing plant was decommissioned at the time with plans to either sell the facility or use it elsewhere in Seminole's operations. The plant has not yet been sold or otherwise utilized in operations. During the year we reassessed the carrying value of this facility and determined that an impairment charge of \$2.1 million was warranted. The current value of the facility was determined using a cost and market approach. The plant is reported in the Consolidated Balance Sheets as a non-current asset in *other assets and deferred charges*. The impairment charge has been reported in *discontinued operations* in the Consolidated Statements of Income.

SUPPLEMENTARY INFORMATION

Seminole Energy Services, L.L.C. and subsidiaries

Supplementary Information

Years ended December 31, 2013 and 2012

The accompanying consolidated financial statements include the accounts of Seminole Energy Services, L.L.C. ("Seminole", "the Company", or "the parent company"); its wholly-owned subsidiaries – Seminole Retail Energy Services, L.L.C., Lakeshore Energy Services, L.L.C., Seminole Gas Company, L.L.C., Unimark, L.L.C., North American Crude Energy Services, L.L.C., and Nebraska Resources Company, L.L.C.; and its majority-owned subsidiaries – San Bois Treating Facility, L.L.C., Seminole Murphy Liquids Terminal, L.L.C., and Vanguard Energy Services, L.L.C.

The Company is engaged in three primary business activities: natural gas marketing, producer services and midstream services.

- Natural gas marketing activities are conducted through the parent company, Seminole Retail Energy Services, L.L.C., Lakeshore Energy Services, L.L.C., and Vanguard Energy Services, L.L.C. This portion of the business operates in both the wholesale and commercial retail sectors.
- Producer services activities are conducted through the parent company and its wholly-owned subsidiary, Unimark, L.L.C. This portion of the business includes well-head purchases, risk management services, gas balancing, payment of production taxes, and distribution of revenues to well owners.
- Midstream services activities are conducted through the wholly-owned subsidiary Seminole Gas Company, L.L.C. Amounts presented herein for Seminole Gas Company, L.L.C. are presented on a consolidated basis and include its wholly-owned subsidiary North American Crude Energy Services, L.L.C. and its majority-owned subsidiaries Sans Bois Treating Facility, L.L.C. and Seminole Murphy Liquids Terminal, L.L.C. This business is engaged in gas gathering, compression and processing services and crude oil marketing and trucking services.

All significant intercompany transactions and balances have been eliminated in consolidation where appropriate and appear in the "Eliminations" column of these supplementary schedules. Intercompany transactions eliminated in consolidation include the sales and offsetting purchases of natural gas and natural gas liquids, certain midstream service fees, and intercompany interest charges between the parent and its majority-owned affiliate Vanguard Energy Services, L.L.C.

Whenever possible, costs that are clearly identifiable as applicable to a specific business unit are directly charged to that entity. Seminole serves as common paymaster for payroll purposes and is the service provider for most other traditional shared services such as insurance, risk management, legal services, computer services and employee benefit plans are contracted at the parent level. Costs for payroll and other shared services are directly recorded in the records of the benefiting subsidiary where possible. Certain employees provide shared services across corporate lines and costs for such employees are allocated to the benefiting subsidiaries based on gross margins, employee headcount or an employee-by-employee estimate of the time spent in providing such services. All such costs are included in general and administrative expense in the Consolidated Statements of Income. There are other costs associated with corporate-level activities that are not allocated or charged to business units due the underlying nature of the activity itself. Balance sheet amounts associated with corporate prepayments and/or accruals for shared services are recorded in the records of the parent. Commodity hedging is done through intercompany derivatives with the parent company which, in turn, enters into offsetting derivative contracts with unrelated third parties.

Seminole Energy Services, L.L.C. and subsidiaries

Consolidating Balance Sheet

December 31, 2013

(Thousands of dollars)

	Seminole Energy Services, L.L.C.	Seminole Retail Energy Services, L.L.C.	Lakeshore Energy Services, L.L.C.	Vanguard Energy Services, L.L.C.	Unimark, L.L.C.	Seminole Gas Company, L.L.C.	Nebraska Resources Company, L.L.C.	Eliminations	Consolidated
CURRENT ASSETS:									
Cash and cash equivalents	\$ 1,505	\$ 389	\$ 163	\$ 1,395	\$ (975)	\$ 8,967	\$ -	\$ -	\$ 11,444
Accounts receivable, net	169,263	87,619	20,277	12,662	23,029	84,983	-	(95,280)	302,553
Broker margin deposits	104	-	-	-	-	-	-	-	104
Derivative instruments, current	(106)	4,831	3,204	1,580	-	-	-	-	9,509
Commodity inventories and imbalances	9,937	-	1,096	-	23	904	-	-	11,960
Other current assets and deferred charges	861	23	1,126	-	-	488	-	-	2,498
Total current assets	181,564	92,862	25,866	15,637	22,077	95,342	-	(95,280)	338,068
Investments in joint ventures	218,982	35,692	-	-	-	21,290	-	(254,674)	21,290
Property, plant and equipment, net	5,104	206	500	65	65	81,055	-	-	86,995
Goodwill and intangible assets, net	15,371	8,517	2,444	-	-	28,598	-	-	54,930
Derivative instruments, non-current	(139)	1,115	77	268	-	-	-	-	1,321
Other assets and deferred charges	868	30	-	-	586	6,087	1,300	-	8,871
Total assets	\$ 421,750	\$ 138,422	\$ 28,887	\$ 15,970	\$ 22,728	\$ 232,372	\$ 1,300	\$ (349,954)	\$ 511,475
CURRENT LIABILITIES:									
Accounts payable and accrued liabilities	\$ 180,677	\$ 67,398	\$ 18,731	\$ 9,240	\$ 26,147	\$ 85,909	\$ -	\$ (95,279)	\$ 292,823
Derivative instruments, current	3,243	4,995	3,127	1,643	58	-	-	-	13,066
Long-term debt due within one year	2,902	-	-	-	-	1,170	-	-	4,072
Deferred revenue, current	-	-	-	-	-	1,043	-	-	1,043
Total current liabilities	186,822	72,393	21,858	10,883	26,205	88,122	-	(95,279)	311,004
Due to (from) parent	76,882	(10,835)	(28,735)	3,124	(19,380)	(21,056)	-	-	-
Long-term debt	7,902	-	-	-	-	20,118	-	-	28,020
Deferred revenue, non-current	-	-	-	-	-	13,084	-	-	13,084
Common units subject to repurchase	3,934	-	-	-	-	-	-	-	3,934
Derivative instruments, non-current	(52)	1,127	72	249	-	-	-	-	1,396
Total liabilities	275,488	62,685	(6,805)	14,256	6,825	100,268	-	(95,279)	357,438
CONTINGENT LIABILITIES AND COMMITMENTS									
EQUITY:									
Common unitholders	146,284	75,737	35,692	1,714	15,962	124,940	1,300	(255,345)	146,284
Accumulated other comprehensive income	(22)	-	-	-	(59)	-	-	-	(81)
Total unitholders' equity	146,262	75,737	35,692	1,714	15,903	124,940	1,300	(255,345)	146,203
Noncontrolling interests in consolidated subsidiaries	-	-	-	-	-	7,164	-	670	7,834
Total equity	146,262	75,737	35,692	1,714	15,903	132,104	1,300	(254,675)	154,037
Total liabilities and equity	\$ 421,750	\$ 138,422	\$ 28,887	\$ 15,970	\$ 22,728	\$ 232,372	\$ 1,300	\$ (349,954)	\$ 511,475

Seminole Energy Services, L.L.C. and subsidiaries

Consolidating Statement of Income

Year ended December 31, 2013

(In thousands of dollars)

	Seminole Energy Services, L.L.C.	Seminole Retail Energy Services, L.L.C.	Lakeshore Energy Services, L.L.C.	Vanguard Energy Services, L.L.C.	Unimark, L.L.C.	Seminole Gas Company, L.L.C.	Nebraska Resources Company, L.L.C.	Eliminations	Consolidated
REVENUES:									
Commodity sales	\$ 1,551,695	\$ 549,400	\$ 173,799	\$ 90,798	\$ 283,996	\$ 275,706	\$ -	\$ (854,734)	\$ 2,070,660
Gathering, transportation and treating fees	-	-	-	-	-	20,112	-	(39)	20,073
Other revenues	1,121	-	-	-	524	719	-	(306)	2,058
Total revenues	<u>1,552,816</u>	<u>549,400</u>	<u>173,799</u>	<u>90,798</u>	<u>284,520</u>	<u>296,537</u>	<u>-</u>	<u>(855,079)</u>	<u>2,092,791</u>
COSTS AND EXPENSES:									
Purchases and operating expenses	1,542,473	533,932	160,318	84,346	279,994	276,741	4	(855,079)	2,022,729
General and administrative expenses	14,451	12,027	5,356	3,406	2,400	8,557	-	-	46,197
Depreciation and amortization	3,359	1,674	859	30	101	8,945	-	-	14,968
Total costs and expenses	<u>1,560,283</u>	<u>547,633</u>	<u>166,533</u>	<u>87,782</u>	<u>282,495</u>	<u>294,243</u>	<u>4</u>	<u>(855,079)</u>	<u>2,083,894</u>
OPERATING INCOME (LOSS)	<u>(7,467)</u>	<u>1,767</u>	<u>7,266</u>	<u>3,016</u>	<u>2,025</u>	<u>2,294</u>	<u>(4)</u>	<u>-</u>	<u>8,897</u>
OTHER INCOME (EXPENSE):									
Equity earnings in joint ventures	11,006	7,298	-	-	-	605	-	(18,304)	605
Interest income	310	212	46	38	-	-	-	(286)	320
Interest expense	(1,939)	(16)	(13)	(312)	-	(216)	-	286	(2,210)
Impairment of long-lived assets	-	-	-	-	-	(875)	(385)	-	(1,260)
Other income (expense), net	-	(4)	-	-	-	882	-	-	878
Total other income (expense)	<u>9,377</u>	<u>7,490</u>	<u>33</u>	<u>(274)</u>	<u>-</u>	<u>396</u>	<u>(385)</u>	<u>(18,304)</u>	<u>(1,667)</u>
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>1,910</u>	<u>9,257</u>	<u>7,299</u>	<u>2,742</u>	<u>2,025</u>	<u>2,690</u>	<u>(389)</u>	<u>(18,304)</u>	<u>7,230</u>
Impairment loss on discontinued operations	-	-	-	-	-	(2,088)	-	-	(2,088)
NET INCOME (LOSS)	<u>1,910</u>	<u>9,257</u>	<u>7,299</u>	<u>2,742</u>	<u>2,025</u>	<u>602</u>	<u>(389)</u>	<u>(18,304)</u>	<u>5,142</u>
Less: Net income attributable to noncontrolling interests	-	-	-	1,084	-	2,148	-	-	3,232
NET INCOME (LOSS) ATTRIBUTABLE TO SEMINOLE ENERGY SERVICES, L.L.C.	<u>\$ 1,910</u>	<u>\$ 9,257</u>	<u>\$ 7,299</u>	<u>\$ 1,658</u>	<u>\$ 2,025</u>	<u>\$ (1,546)</u>	<u>\$ (389)</u>	<u>\$ (18,304)</u>	<u>\$ 1,910</u>

Continuum Retail Energy Services

Exhibit C-4 Financial Arrangements

See notes on Revolving Credit Facility in 2014 audited financial statements.



Printed By: Derek Chesbro
Date Printed: July 01, 2015

Live Report : CONTINUUM ENERGY SERVICES, L.L.C.

D-U-N-S® Number: 02-511-2181

Trade Names: (SUBSIDIARY OF CONTINUUM ENERGY, LLC, TULSA, OK)

Endorsement/Billing Reference: aSchneider@continuumes.com

D&B Address

Address 1323 E 71st St Ste 300
Tulsa, OK, US - 74136

Phone 918 492-2840

Fax

Location Type Headquarters
(Subsidiary)

Web www.seminoleenergy.com

Added to Portfolio: 01/22/2009

Last View Date: 07/01/2015

Endorsement : aSchneider@continuumes.com

Company Summary

Currency: Shown in USD unless otherwise indicated

Score Bar

Out of Business Indicator	No	
PAYDEX®	79	Paying 2 days past due
Commercial Credit Score Class	1	Low Risk of severe payment delinquency.
Financial Stress Score Class	2	Low to Moderate Risk of severe financial stress.
Credit Limit - D&B Conservative	200,000.00	Based on profiles of other similar companies.
D&B Rating	5A2	5A indicates 50 million and over, Credit appraisal of 2 is good

D&B 3-month PAYDEX®

3-month D&B PAYDEX®: 78

Lowest Risk:100;Highest Risk :1

When weighted by amount, Payments to suppliers average 3 Days Beyond Terms

D&B PAYDEX®

D&B PAYDEX® 79

Lowest Risk:100;Highest Risk :1

When weighted by amount, Payments to suppliers average 2 days beyond terms

D&B Company Overview

This is a headquarters (subsidiary) location

Branch(es) or Division(s) exist Y

Chief Executive JASON FEW, MBR-PRES-CEO

Year Started 1998

Employees 159 (68 Here)

Financing SECURED

SIC	4923
Line of business	Gas transmission/ distribution
NAICS	221210
History Status	CLEAR
Financial Condition	GOOD

Commercial Credit Score Class

Commercial Credit Score Class: 1

Lowest Risk:1;Highest Risk :5

Public Filings

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	0	-
Liens	0	-
Suits	1	05/13/14
UCCs	16	11/06/14

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

Financial Stress Score Class

Financial Stress Score Class: 2

Lowest Risk:1;Highest Risk :5

Corporate Linkage

Parent

Company	City , State	D-U-N-S® NUMBER
CONTINUUM ENERGY, LLC	TULSA , Oklahoma	00-967-7104

Subsidiaries (Domestic)

Company	City , State	D-U-N-S® NUMBER
LAKESHORE ENERGY SERVICES, LLC	HOUSTON , Texas	12-284-3381
NEBRASKA RESOURCES CO LLC	HOLDREGE , Nebraska	78-352-4098
CONTINUUM RETAIL ENERGY SERVICES, LLC	DENVER , Colorado	62-043-4923
UNIMARK, L.L.C.	EDMOND , Oklahoma	80-558-3143

Branches (Domestic)

Company	City , State	D-U-N-S® NUMBER
CONTINUUM ENERGY SERVICES, L.L.C.	HOLDREGE , Nebraska	16-520-9185
CONTINUUM ENERGY SERVICES, L.L.C.	DENVER , Colorado	02-594-8355
CONTINUUM ENERGY SERVICES, L.L.C.	ROGERSVILLE , Tennessee	95-988-3377

Affiliates (Domestic)

Company	City , State	D-U-N-S® NUMBER
CONTINUUM MIDSTREAM, L.L.C.	TULSA , Oklahoma	08-674-7735
VANGUARD ENERGY SERVICES LLC	NAPERVILLE , Illinois	16-915-2555
CONTINUUM RETAIL ENERGY SERVICES, L.L.C.	TULSA , Oklahoma	07-837-2416
CONTINUUM CRUDE LOGISTICS SERVICES, L.L.C.	TULSA , Oklahoma	07-915-7078

Predictive ScoresCurrency: Shown in USD unless otherwise indicated **D&B Viability Rating Summary**

The D&B Viability Rating uses D&B's proprietary analytics to compare the most predictive business risk indicators and deliver a highly reliable assessment of the probability that a company will go out of business, become dormant/inactive, or file for bankruptcy/insolvency within the next 12 months. The D&B Viability Rating is made up of 4 components:

**Viability Score**

Lowest Risk:1

Highest Risk:9

Compared to All US Businesses within the D&B Database:

- Level of Risk: **Low Risk**
- Businesses ranked 1 have a probability of becoming no longer viable: **0.2 %**
- Percentage of businesses ranked 1: **0.3 %**
- Across all US businesses, the average probability of becoming no longer viable: **14 %**

**Portfolio Comparison**

Lowest Risk:1

Highest Risk:9

Compared to All US Businesses within the same MODEL SEGMENT:

- Model Segment : **Available Financial Data**
- Level of Risk: **Low Risk**
- Businesses ranked 4 within this model segment have a probability of becoming no longer viable: **0.3 %**
- Percentage of businesses ranked 4 with this model segment: **13 %**
- Within this model segment, the average probability of becoming no longer viable: **0.6 %**

**Data Depth Indicator**

Predictive Data:A

Descriptive Data:G

Data Depth Indicator:

- ✓ Rich Firmographics
- ✓ Extensive Commercial Trading Activity
- ✓ Comprehensive Financial Attributes



Company Profile

Subsidiary

Credit Capacity Summary

This credit rating was assigned because of D&B's assessment of the company's creditworthiness. For more information, see the D&B Rating Key

D&B Rating : 5A2

Financial Strength: 5A indicates 50 million and over
Composite credit appraisal: 2 is good

Below is an overview of the company's rating history since 06-22-2015

D&B Rating	Date Applied
5A2	06-22-2015

Sales:	1,898,687,000.00
Number of Employees Total:	159 (68 here)

Worth:	146,142,000	(As of 31-Dec-14)
Working Capital:	\$58,356,000	(As of 31-Dec-14)

Payment Activity:	(based on 52 experiences)
Average High Credit:	8,150
Highest Credit:	100,000
Total Highest Credit:	327,350

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

D&B Credit Limit Recommendation

Conservative credit Limit	200,000
Aggressive credit Limit:	300,000

Risk category for this business : **LOW**

The Credit Limit Recommendation (CLR) is intended to serve as a directional benchmark for all businesses within the same line of business or industry, and is not calculated based on any individual business. Thus, the CLR is intended to help guide the credit limit decision, and must be balanced in combination with other elements which reflect the individual company's size, financial strength, payment history, and credit worthiness, all of which can be derived from D&B reports.

Risk is assessed using D&B's scoring methodology and is one factor used to create the recommended limits. See Help for details.

Financial Stress Class Summary

The Financial Stress Score predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files. The Financial Stress Class of 2 for this company shows that firms with this class had a failure rate of 0.09% (9 per 10,000), which is lower than the average of businesses in D & B's database

Financial Stress Class : 2

(Lowest Risk:1; Highest Risk:5)

Lower than average risk of severe financial stress, such as a bankruptcy or going out of business with unpaid debt, over the next 12 months.

Probability of Failure:

Risk of Severe Financial Stress for Businesses with this Class: **0.09 %** (9 per 10,000)
 Financial Stress National Percentile : **87** (Highest Risk: 1; Lowest Risk: 100)
 Financial Stress Score : **1545** (Highest Risk: 1,001; Lowest Risk: 1,875)
 Average Risk of Severe Financial Stress for Businesses in D&B database: **0.48 %** (48 per 10,000)

The Financial Stress Class of this business is based on the following factors:

UCC Filings reported.
 High number of inquiries to D & B over last 12 months.
 Negative change in net worth.

Notes:

The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
 The Probability of Failure shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Probability of Failure - National Average represents the national failure rate and is provided for comparative purposes.
 The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&Bs file.
 The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	87
Region: WEST SOUTH CENTRAL	44
Industry: INFRASTRUCTURE	43
Employee range: 100-499	75
Years in Business: 11-25	68

This Business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Credit Score Summary

The Commercial Credit Score (CCS) predicts the likelihood of a business paying its bills in a severely delinquent manner (91 days or more past terms). The Credit Score class of 1 for this company shows that 1.1% of firms with this class paid one or more bills severely delinquent, which is lower than the average of businesses in D & B's database.

Credit Score Class : 1 

Lowest Risk:1;Highest Risk :5

Incidence of Delinquent Payment

Among Companies with this Classification: **1.10 %**
 Average compared to businesses in D&Bs database: **10.20 %**
 Credit Score Percentile : **92** (Highest Risk: 1; Lowest Risk: 100)
 Credit Score : **584** (Highest Risk: 101; Lowest Risk:670)

The Credit Score Class of this business is based on the following factors:

Higher risk region based on delinquency rates for this region
 Higher risk industry based on delinquency rates for this industry
 Limited business activity signals reported in the past 12 months
 Decreasing trend in reported number of payment experiences

Notes:

The Commercial Credit Score Risk Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience severe delinquency.
 The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 91 days past due or more by creditors. The calculation of this value is based on D&B's trade payment database.

The Commercial Credit Score percentile reflects the relative ranking of a firm among all scorable companies in D&B's file. The Commercial Credit Score offers a more precise measure of the level of risk than the Risk Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	92
Region: WEST SOUTH CENTRAL	52
Industry: INFRASTRUCTURE	32
Employee range: 100-499	89
Years in Business: 11-25	66

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Trade Payments

Currency: Shown in USD unless otherwise indicated 

D&B PAYDEX®

The D&B PAYDEX is a unique, weighted indicator of payment performance based on payment experiences as reported to D&B by trade references. Learn more about the D&B PAYDEX

Timeliness of historical payments for this company.

Current PAYDEX is 79 Equal to 2 days beyond terms (Pays more promptly than the average for its industry of 3 days beyond terms)
Industry Median is 78 Equal to 3 days beyond terms
Payment Trend currently is ↔ Unchanged, compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File (HQ)	52
Payments Within Terms (not weighted)	97 %
Trade Experiences with Slow or Negative Payments(%)	1.92%
Total Placed For Collection	0
High Credit Average	8,150
Largest High Credit	100,000
Highest Now Owing	20,000
Highest Past Due	0

D&B PAYDEX® : 79 

(Lowest Risk:100; Highest Risk:1)

When weighted by amount, payments to suppliers average 2 days beyond terms

3-Month D&B PAYDEX® : 78 

(Lowest Risk:100; Highest Risk:1)

Based on payments collected over last 3 months.

When weighted by amount, payments to suppliers average 3 days beyond terms

D&B PAYDEX® Comparison**Current Year**

PAYDEX® of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Gas transmission/distribution , based on SIC code 4923 .

Shows the trend in D&B PAYDEX scoring over the past 12 months.

	8/14	9/14	10/14	11/14	12/14	1/15	2/15	3/15	4/15	5/15	6/15	7/15
This Business	79	79	76	76	76	73	76	76	73	78	79	79
Industry Quartiles												
Upper	.	80	.	.	80	.	.	80	.	.	.	.
Median	.	78	.	.	78	.	.	78	.	.	.	.
Lower	.	73	.	.	73	.	.	73	.	.	.	.

Current PAYDEX for this Business is 79 , or equal to 2 days beyond terms

The 12-month high is 79 , or equal to 2 DAYS BEYOND terms

The 12-month low is 73 , or equal to 11 DAYS BEYOND terms

Previous Year

Shows PAYDEX of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Gas transmission/distribution , based on SIC code 4923 .

Previous Year	09/13 Q3'13	12/13 Q4'13	03/14 Q1'14	06/14 Q2'14
This Business	79	80	80	79
Industry Quartiles				
Upper	80	80	80	80
Median	78	78	78	78
Lower	73	73	73	73

Based on payments collected over the last 4 quarters.

Current PAYDEX for this Business is 79 , or equal to 2 days beyond terms

The present industry median Score is 78 , or equal to 3 days beyond terms

Industry upper quartile represents the performance of the payers in the 75th percentile

Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

\$ Credit Extended	# Payment Experiences	Total Amount	% of Payments Within Terms
Over 100,000	1	100,000	100%
50,000-100,000	0	0	0%
15,000-49,999	8	145,000	100%
5,000-14,999	9	62,500	100%
1,000-4,999	8	14,000	100%
Under 1,000	14	4,500	100%

Based on payments collected over last 24 months.

All Payment experiences reflect how bills are paid in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Payment Summary

- There are 52 payment experience(s) in D&Bs file for the most recent 24 months, with 34 experience(s) reported during the last three

month period.

- The highest Now Owes on file is 20,000 . The highest Past Due on file is 0

Below is an overview of the companys currency-weighted payments, segmented by its suppliers primary industries:

	Total Revd (#)	Total Amts	Largest High Credit	Within Terms (%)	Days Slow <31 31-60 61-90 90> (%) (%) (%) (%)			
Top Industries								
Telephone communictns	12	93,150	20,000	100	0	0	0	0
Electric services	4	15,200	15,000	100	0	0	0	0
Whol office equipment	3	8,750	7,500	100	0	0	0	0
Nonclassified	2	45,000	30,000	100	0	0	0	0
Misc business service	2	15,500	15,000	100	0	0	0	0
Whol computers/softwr	2	8,500	7,500	100	0	0	0	0
Radiotelephone commun	2	5,000	2,500	100	0	0	0	0
Help supply service	2	1,000	1,000	100	0	0	0	0
Mfg computers	1	100,000	100,000	100	0	0	0	0
Public finance	1	15,000	15,000	100	0	0	0	0
Ret stationery	1	7,500	7,500	100	0	0	0	0
Whol nondurable goods	1	5,000	5,000	100	0	0	0	0
Whol service paper	1	2,500	2,500	100	0	0	0	0
Whol industrial suppl	1	1,000	1,000	100	0	0	0	0
Data processing svcs	1	1,000	1,000	100	0	0	0	0
Misc equipment rental	1	750	750	100	0	0	0	0
Employment agency	1	750	750	100	0	0	0	0
Misc business credit	1	250	250	100	0	0	0	0
Mfg misc office eqpt	1	100	100	100	0	0	0	0
Lithographic printing	1	50	50	100	0	0	0	0
Whol electrical equip	1	0	0	0	0	0	0	0
Other payment categories								
Cash experiences	10	1,350	750					
Payment record unknown	0	0	0					
Unfavorable comments	0	0	0					
Placed for collections	0	N/A	0					
Total in D&B's file	52	327,350	100,000					

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipped invoices etc.

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale Within (month)
06/15	Ppt	30,000	0	0		2-3 mos
	Ppt	750	50		Lease Agreemnt	
05/15	Ppt	100,000	5,000	0		1 mo
	Ppt	20,000	0	0		2-3 mos
	Ppt	15,000	10,000	0		1 mo
	Ppt	15,000	0	0		1 mo
	Ppt	15,000	0	0		1 mo
	Ppt	10,000	0	0		4-5 mos

	Ppt	10,000	0	0	4-5 mos
	Ppt	7,500	5,000	0	1 mo
	Ppt	7,500	7,500	0	1 mo
	Ppt	7,500	2,500	0	Lease Agreement 1 mo
	Ppt	5,000	2,500	0	1 mo
	Ppt	5,000	2,500	0	
	Ppt	5,000	750	0	
	Ppt	2,500	0	0	6-12 mos
	Ppt	2,500	0	0	6-12 mos
	Ppt	2,500	2,500	0	1 mo
	Ppt	2,500	500	0	1 mo
	Ppt	1,000	0	0	N30 1 mo
	Ppt	1,000	0	0	1 mo
	Ppt	1,000	1,000	0	N10 1 mo
	Ppt	1,000	0	0	1 mo
	Ppt	750	750	0	Lease Agreement 1 mo
	Ppt	500	0	0	2-3 mos
	Ppt	500	250	0	1 mo
	Ppt	250	0	0	Lease Agreement 4-5 mos
	Ppt	100	100	0	1 mo
	Ppt	50	50	0	1 mo
	Ppt	50	50	0	1 mo
04/15	Ppt	500	500	0	1 mo
	Ppt	100	100	0	1 mo
	Ppt	50	0	0	6-12 mos
	Slow 110	0	0	0	6-12 mos
02/15	(035)	750			Cash account 6-12 mos
12/14	Ppt	15,000	0	0	6-12 mos
11/14	Ppt	50			1 mo
09/14	Ppt	20,000	20,000	0	1 mo
08/14	Ppt	5,000	0	0	6-12 mos
	(040)	50			Cash account 1 mo
05/14	(041)	50			Cash account 1 mo
04/14	(042)	50			Cash account 1 mo
02/14	(043)	100			Cash account 6-12 mos
	(044)	100			Cash account 1 mo
12/13	Ppt	0	0	0	N30 6-12 mos
09/13	(046)	100			Cash account 2-3 mos
	(047)	50			Cash account 1 mo
08/13	Ppt	100	0	0	N30 1 mo
06/13	Ppt	15,000			1 mo
05/13	Ppt	750	0	0	N30 6-12 mos
	(051)	50			Cash account 2-3 mos
	(052)	50			Cash account 1 mo

Payments Detail Key: red - 30 or more days beyond terms

Payment experiences reflect how bills are paid in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously

reported.

Public Filings

 Currency: Shown in USD unless otherwise indicated 

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	1	05/13/14
UCCs	16	11/06/14

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

Suits

Status	Dismissed
DOCKET NO.	14CV001028
Plaintiff	REO, BRYAN ANTHONY
Defendant	SEMINOLE ENERGY SERVICES LLC AND OTHERS
Where filed	LAKE COUNTY COMMON PLEAS COURT, PAINESVILLE, OH

Date status attained	09/09/14
Date filed	05/13/14
Latest Info Received	04/30/15

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

UCC Filings

Collateral	Negotiable instruments and proceeds - Account(s) and proceeds - General intangibles(s) and proceeds - Chattel paper and proceeds - Contract rights and proceeds
Type	Original
Sec. Party	F AND M BANK AND TRUST COMPANY, TULSA, OK
Debtor	ROSENE, ROBERT and OTHERS
Filing No.	11101721020180
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2011-10-17
Latest Info Received	11/02/11

Type	Termination
Sec. Party	F AND M BANK AND TRUST COMPANY, TULSA, OK
Debtor	ROSENE, ROBERT and OTHERS
Filing No.	14021420150140
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2014-02-14
Latest Info Received	02/20/14

Original UCC Filed Date 2011-10-17
Original Filing No. 11101721020180

Collateral Inventory including proceeds and products - Account(s) including proceeds and products - Assets including proceeds and products - Computer equipment including proceeds and products - and OTHERS
Type Original
Sec. Party BNP PARIBAS, AS ADMINISTRATIVE AGENT, DALLAS, TX
Debtor CONTINUUM ENERGY, L.L.C.
Filing No. 2014 4481255
Filed With SECRETARY OF STATE/UCC DIVISION, DOVER, DE

Date Filed 2014-11-06
Latest Info Received 12/10/14

Collateral Inventory including proceeds and products - Account(s) including proceeds and products - Assets including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS
Type Original
Sec. Party BNP PARIBAS, DALLAS, TX
Debtor CONTINUUM ENERGY SERVICES LLC
Filing No. 14110621143850
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2014-11-06
Latest Info Received 11/14/14

Collateral Account(s) and proceeds - General intangibles(s) and proceeds - Chattel paper and proceeds
Type Original
Sec. Party BP CANADA ENERGY MARKETING CORP, HOUSTON, TX BP CORPORATION NORTH AMERICA INC, HOUSTON, TX BP ENERGY COMPANY, HOUSTON, TX
Debtor SEMINOLE ENERGY SERVICES LLC
Filing No. 2005001652122
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2005-02-09
Latest Info Received 02/23/05

Type Continuation
Sec. Party BP CORPORATION NORTH AMERICA INC. BP ENERGY COMPANY, HOUSTON, TX BP CANADA ENERGY MARKETING CORP.
Debtor SEMINOLE ENERGY SERVICES LLC
Filing No. 10010520008750
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2010-01-05
Latest Info Received 01/26/10
Original UCC Filed Date 2005-02-09
Original Filing No. 2005001652122

Type	Amendment
Sec. Party	INTERNATIONAL BANK OF COMMERCE, TULSA, OK
Debtor	CONTINUUM ENERGY SERVICES LLC
Filing No.	14062320638090
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2014-06-23
Latest Info Received	07/02/14
Original UCC Filed Date	2011-12-12
Original Filing No.	11121221201300

Type	Amendment
Sec. Party	BANK OF OKLAHOMA, TULSA, OK BOKF, TULSA, OK
Debtor	CONTINUUM RETAIL ENERGY SERVICES LLC
Filing No.	14070220680610
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2014-07-02
Latest Info Received	07/11/14
Original UCC Filed Date	2011-12-12
Original Filing No.	11121221201300

Type	Amendment
Sec. Party	BANK OF OKLAHOMA, TULSA, OK
Debtor	CONTINUUM ENERGY SERVICES LLC
Filing No.	14062320638080
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2014-06-23
Latest Info Received	07/03/14
Original UCC Filed Date	1999-05-27
Original Filing No.	0004343

Type	Amendment
Sec. Party	INTERNATIONAL BANK OF COMMERCE
Debtor	CONTINUUM ENERGY SERVICES L L C
Filing No.	14062320638070
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2014-06-23
Latest Info Received	07/03/14
Original UCC Filed Date	2001-06-27
Original Filing No.	0002290

Type Continuation
Sec. Party BANK OF OKLAHOMA NATIONAL ASSOCIATION AS COLLATERA, TULSA, OK
Debtor SEMINOLE ENERGY SERVICES LLC
Filing No. 2006010354526
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2006-08-25
Latest Info Received 09/06/06
Original UCC Filed Date 2001-12-06
Original Filing No. 2001010546322

Type Amendment
Sec. Party FIRST UNITED BANK AND TRUST COMPANY, TULSA, OK
Debtor CONTINUUM ENERGY SERVICES LLC
Filing No. 14062320638060
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2014-06-23
Latest Info Received 07/03/14
Original UCC Filed Date 2001-12-06
Original Filing No. 2001010546322

Type Assignment
Assignee INTERNATIONAL BANK OF COMMERCE, TULSA, OK
Debtor LAKESHORE ENERGY SERVICES LLC
Filing No. 13041520368660
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2013-04-15
Latest Info Received 04/26/13
Original UCC Filed Date 2003-06-24
Original Filing No. 2003007675939

Type Amendment
Sec. Party BANK OF OKLAHOMA NATIONAL ASSOCIATION AS COLLATERAL AGENT, TULSA, OK
Debtor LAKESHORE ENERGY SERVICES LLC
Filing No. 13110721118500
Filed With OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK

Date Filed 2013-11-07
Latest Info Received 11/15/13
Original UCC Filed Date 2003-06-24
Original Filing No. 2003007675939

Type Continuation

Sec. Party	OKLAHOMA NATIONAL ASSOCIATION, TULSA, OK
Debtor	SEMINOLE ENERGY SERVICES LLC
Filing No.	09120120133370
Filed With	OKLAHOMA CENTRAL FILING OFFICE/UCC DIVISION, OKLAHOMA CITY, OK
Date Filed	2009-12-01
Latest Info Received	01/26/10
Original UCC Filed Date	2005-03-29
Original Filing No.	E2005003741830

There are additional UCCs in D&Bs file on this company available by contacting 1-800-234-3867.

Government Activity

Activity summary

Borrower (Dir/Guar)	NO
Administrative Debt	NO
Contractor	YES
Grantee	NO
Party excluded from federal program(s)	NO

Possible candidate for socio-economic program consideration

Labour Surplus Area	N/A
Small Business	YES (2015)
8(A) firm	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Special Events

Currency: Shown in USD unless otherwise indicated 

Special Events

06/22/2015

Business is a subsidiary of Continuum Energy, LLC, Tulsa, OK.

History & Operations

Currency: Shown in USD unless otherwise indicated 

Company Overview

Company Name:	CONTINUUM ENERGY SERVICES, L.L.C.
Doing Business As :	(SUBSIDIARY OF CONTINUUM ENERGY, LLC, TULSA, OK)
Street Address:	1323 E 71st St Ste 300 Tulsa , OK 74136
Phone:	918 492-2840
URL:	http://www.seminoleenergy.com
History	Is clear

Operations	Profitable
Present management control	17 years
Annual Sales	1,898,687,000

History

The following information was reported: **06/22/2015**

Officer(s): JASON FEW, MBR-PRES-CEO
DAN HAWK, MBR-EXEC V PRES-CFO
ROBERT ROSENE JR, MBR
JOHN GREENE, MBR

DIRECTOR(S) : The officers identified by (+)

The Oklahoma Secretary of State's business registrations file showed that Continuum Energy Services, L.L.C. was registered as a Limited Liability Company on July 20, 1998.

Business started 1998 by present control. 100% of capital stock is owned by the parent company.

RECENT EVENTS :

On February 24, 2014, sources stated that North American Crude Logistics Services, LLC, Tulsa, OK, a wholly owned subsidiary of Seminole Energy Services, L.L.C., Tulsa, OK, has acquired the crude oil transportation and logistics business of Native American Marketing, LLC, Houston, TX, on September 23, 2013. Repeated attempts to contact the management to confirm the recent transaction were unsuccessful. Further details are unavailable at this time.

On August 19, 2009, sources stated that NGAS Resources, Inc., Lexington, KY, announced that it has closed the sale of its remaining 50% interest in 485 miles of Appalachian gas gathering facilities to Seminole Energy Services, L.L.C., Tulsa, OK, for \$22 million on August 18, 2009. The purchase price was paid \$7.5 million at closing, with the balance of \$14.5 million payable by SES in monthly installments through December 2011. The gas gathering system spans parts of southeastern Kentucky, eastern Tennessee and western Virginia, and interconnects with Spectra Energy Partners' East Tennessee Interstate pipeline network. NGAS retained long-term operating rights and firm capacity rights of 30,000 Mcf per day in the gathering system. Terms were not disclosed.

Effective May 31, 2008, Seminole Energy Services, LLC acquired Unimark, LLC.

Effective January 1, 2008, Seminole Energy Services, LLC acquired Lakeshore Energy Services, LLC.

JASON FEW. Antecedents are unknown.

DAN HAWK. Antecedents are unknown.

ROBERT ROSENE JR born 1954. 1998-present active here.

JOHN GREENE. 1998-present active here.

Operations

06/22/2015

Subsidiary of Continuum Energy, LLC, Tulsa, OK. Parent company owns 100% of capital stock.

Description:

Provides gas transmission or distribution (100%).

Has 15000 account(s). Terms are Net 10 days. Sells to commercial concerns. Territory : Regional.

Nonseasonal.

Employees:

159 which includes officer(s) and 5 part-time. 68 employed here.

Facilities:

Rents premises on 3rd floor of a multi story building.

Location:

Suburban business section on main street.

Subsidiaries:

This business has multiple subsidiaries; detailed information is available in D & B's linkage or family tree products.

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific about a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

4923 0000 Gas transmission and distribution

NAICS:

221210 Natural Gas Distribution

Financials

Company Financials: D&B

Graph cannot be created

06/22/2015

Two-year Statement Comparative:

	Fiscal Dec 31 2014	Fiscal Consolidated Dec 31 2013
Current Assets	246,010,000	338,068,000
Current Liabilities	187,654,000	311,004,000
Current Ratio	1.31	1.09
Working Capital	58,356,000	27,064,000
Other Assets	40,422,000	173,407,000
Net Worth	146,142,000	154,037,000
Sales	1,898,687,000	2,092,791,000
Long Term Liab	(47,364,000)	46,434,000
Net Profit (Loss)	2,389,000	5,142,000

Additional Financial Data

Fiscal statement dated DEC 31 2014

Assets		Liabilities	
Cash	1,986,000	Accts Pay	181,351,000
Accts Rec	170,664,000	Derivative Instruments	3,401,000
Broker Margin Deposits	55,492,000	L.T. Liab-(1yr)	2,902,000
Derivative Instruments	7,377,000		
Commodity Inventories & Imbalances	9,893,000		
Other Current & Deferred Charges	598,000		
Curr Assets	246,010,000	Curr Liabs	187,654,000
Fixt & Equip	8,480,000	Due From Parent	(54,012,000)

Intangible Assets-Net	8,409,000	Derivative Instruments	2,714,000
Investments-Other	19,707,000	L.T. Liab-Other	3,934,000
Derivative Instruments	3,015,000	TOTAL EQUITY	146,142,000
Other Assets & Deferred Charges	811,000		
Total Assets	286,432,000	Total Liabilities + Equity	286,432,000

From JAN 01 2014 to DEC 31 2014 annual sales \$1,898,687,000. Gross profit \$1,898,687,000; operating expenses \$1,910,922,000. Operating income \$(12,235,000); other income \$16,927,000; other expenses \$2,303,000. Net income \$2,389,000.

Prepared from statement(s) by Accountant: Grant Thornton LLP, Tulsa, Oklahoma.

ACCOUNTANTS OPINION

A review of the accountant's opinion as submitted by the subject company indicates the financial statement meets generally accepted accounting principles and the audit contains no qualifications.

Explanations

The net worth of this company includes intangibles.

On MAY 14 2015 Alex Goldberg, general counsel, submitted the above figures.

Key Business Ratios

Statement Date Dec 31 2014

Based on this Number of Establishments 151

Industry Norms Based On 151 Establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales %	0.1	7.1	4
Return on Net Worth %	1.6	7.0	4
Short-Term Solvency			
Current Ratio	1.3	1.1	2
Quick Ratio	0.9	0.6	2
Efficiency			
Assets to Sales %	15.1	251.5	1
Sales / Net Working Capital	32.5	8.6	1
Utilization			
Total Liabilities / Net Worth (%)	96.0	154.1	1

Associations

All Credit Files with Same D-U-N-S® Number as this D&B Live Report

Company Name	Type	Status	Date Created
"Seminole Energy Services, LLC"	Account - #101095	No Action Recommended	11/13/2012 01:13 PM CST
Seminole Energy - Mid Atlantic	Account - #100-34519	No Action Recommended	11/13/2012 01:13 PM CST
na	Application - #FCPXKLD99	Approved	05/11/2015 02:09 PM CDT
na	Application - #FCPLKLNCB	Approved	05/11/2015 02:10 PM CDT
na	Application - #FCP5M5ABF	Approved	05/21/2015 01:53 PM CDT

null

Detailed Trade Risk Insight™

Detailed Trade Risk Insight provides detailed updates on over 1.5 billion commercial trade experiences collected from more than 260 million unique supplier/purchaser relationships.

Days Beyond Terms - Past 3 & 12 Months

3 months from May 15 to Jul 15

1
Days

Dollar-weighted average of 21 payment experiences
reported from 15 companies

Derogatory Events Last 12 Months from Jul 14 to Jun 15

12 months from Aug 14 to Jul 15

1
Days

Dollar-weighted average of 37 payment experiences
reported from 23 companies

No Derogatory trade Event has been reported on this company for the past 13 Months

Total Amount Current and Past Due - 12 month trend from Jul 14 to Jun 15

Status	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Total	80,760	61,878	105,956	130,949	93,737	90,281	127,360	79,479	94,651	165,643	58,100	58,100
Current	80,760	61,878	105,956	130,949	93,737	90,281	127,360	79,479	94,651	165,643	58,100	58,100
1-30 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-
31-60 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-
61-90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-
90+ Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-

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FILE

The Public Utilities Commission of Ohio

RETAIL NATURAL GAS SUPPLIER/GOVERNMENTAL AGGREGATOR

FILING COVER FORM

POST INITIAL CERTIFICATION

RECEIVED-DOCKETING UNIT
2015 JUL -6 PM 2:33
PUCO

In the Matter of the Application of
Lakeshore Energy Services, L.L.C. dba
Continuum Retail Energy Services
to:

Case No. 05 - 0854 -GA-

Name of Applicant: Lakeshore Energy Services, L.L.C. dba Continuum Retail Energy Services
Applicant's Address: 1415 Louisiana Street, Suite 4200, Houston, TX 77002
Contact Person or Counsel: Tim Muller Telephone Number: 713-341-4645

Mark the reason for filing this form, application, and supporting information. Check only one of the six main categories. Use separate copies of this form for each type of application.

1. ☒ Certification Renewal Application (to be filed 30 to 120 days prior to expiration of current certificate) per Rules 4901:1-27-09 and 4901:1-27-04 of the Ohio Administrative Code.

2. ☐ Notification of Material Change in Business (to be filed in the initial or most recent certification docket and within 30 days of the material change occurring) per Rule 4901:1-27-10 of the Ohio Administrative Code. Please check the following material change(s) that is(are) involved with this filing:

- ☐ Change in ownership of five percent or more
- ☐ Affiliation with public utility or change in affiliation with a public utility in this state
- ☐ Retirement or other long-term changes to supply sources
- ☐ Revocation, restriction, or termination of interconnection or service agreement with pipeline company or natural gas company
- ☐ Fall of bond rating below BBB-
- ☐ Fall of bond rating below Baa3
- ☐ Filed or intend to file for some form of bankruptcy
- ☐ Receipt of judgment, finding, or ruling that could affect fitness or ability to provide service
- ☐ Other (please describe):

3. ☐ Certificate Transfer Application per Rule 4901:1-27-11 of the Ohio Administrative Code.

4. ☐ Abandonment Application (to be filed at least 90 days prior the effective date of the abandonment) per Rule 4901:1-27-11 of the Ohio Administrative Code. Please indicate which of the following two situations applies to the proposed abandonment:

- ☐ Seek to abandon operations with no existing customers
- ☐ Seek to abandon operations with existing customers

5. ☐ Name/Address/Telephone Change ☐ Regulatory Contact Change (See Item 3 above if ownership has changed.)

6. ☐ Other application (please describe):

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

RENEWAL CERTIFICATION FILING INSTRUCTIONS COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

I. *Where to File:* Applications should be sent to: Public Utilities Commission of Ohio (PUCO or Commission), Docketing Division, 180 East Broad Street, Columbus Ohio 43215-3793.

II. *What to File:* Applicant must submit one original notarized application signed by a principal officer and three copies, including all exhibits, affidavits, and other attachments. All attachments, affidavits, and exhibits should be clearly identified. *For example, Exhibit A-15 should be marked "Exhibit A-15 - Corporate Structure."* All pages should be numbered and attached in a sequential order.

IMPORTANT REQUIREMENT: The renewal application must be docketed in the applicant's original GA-CRS case number. Therefore, applicant should enter that number on the renewal application form when filing a renewal application.

III. *When to File:* Pursuant to Rule 4901:1-27-09 of the Ohio Administrative Code, renewal applications shall be filed between 30 and 60 days to the prior certificate's expiration date.

IV. *Renewal Application Form:* The renewal application form is available on the PUCO Web site, www.puco.ohio.gov or directly from the Commission located at: Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

V. *Confidentiality:* An applicant may file financial statements, financial arrangements, and forecasted financial statements under seal. If these exhibits are filed under seal, they will be afforded protective treatment for a period of six years from the date of the certificate for which the information is being provided.

An applicant may file a motion for a protective order for other information not filed under seal per the previous paragraph. If the motion is filed in conformance with rule 4901:1-27-07 of the Administrative Code, it shall be automatically approved on the thirty-first day after the date of filing and the information shall be afforded protective treatment for a period of six years from the date of the certificate for which the information is being provided, unless the commission or an attorney examiner appointed by the commission rules otherwise.

At the expiration of the six-year period provided for in the previous paragraphs, the information will be automatically released into the open record. An applicant wishing to extend a protective order beyond the six-year time period must comply with paragraph (F) of rule 4901-1-24 of the Administrative Code.

VI. *Commission Process for Certification Renewal:* An application for renewal shall be made on forms approved and supplied by the Commission. The applicant shall complete the

appropriate renewal form in its entirety and supply all required attachments, affidavits, and evidence of capability specified by the form at the time an application is filed. The Commission renewal process begins when the Commission's Docketing Division receives and time/date stamps the application. An incomplete application may be suspended or rejected. An application that has been suspended as incomplete will cause delay in renewal.

The Commission may approve, suspend, or deny an application within 30 days. If the Commission does not act within 30 days, the renewal application is deemed automatically approved on the 31st day after the official filing date. If the Commission suspends the renewal application, the Commission shall notify the applicant of the reasons for such suspension and may direct the applicant to furnish additional information. The Commission shall act to approve or deny a suspended application within 90 days of the date that the renewal application was suspended.

Upon Commission approval, the applicant shall receive notification of approval and a numbered, renewed certificate that specifies the service(s) for which the applicant is certified and the dates for which the certificate is valid. Unless otherwise warranted, the renewed certification designation will remain consistent with the previously granted certification. For example, a certified marketer will renew as a certified marketer.

Unless otherwise specified by the Commission, the competitive retail natural gas service (CRNGS) supplier's renewed certificate is valid for an additional period of two years, beginning and ending on the dates specified on the certificate. The applicant may renew its certificate in accordance with Rule 4901:1-27-09 of the Ohio Administrative Code. CRNGS suppliers, which include marketers, shall inform the Commission of any material change to the information supplied in a renewal application within thirty (30) days of such material change in accordance with Rule 4901:1-27-11 of the Ohio Administrative Code.

VII. *Contractual Arrangements for Capability Standards:* If the applicant is relying upon contractual arrangements with a third-party, to meet any of the certification requirements, the applicant must provide with its application all of the following:

- ☐ The legal name of any contracted entity;
- ☐ A statement that a valid contract exists between the applicant and the third-party;
- ☐ A detailed summary of the contract(s), including all services provided thereunder; and
- ☐ The documentation and evidence to demonstrate the contracting entity's capability to meet the requirements as if the contracting entity was the applicant.

VIII. Questions: Questions regarding filing procedures should be directed to CRNGS@puc.state.oh.us

IX. *Governing Law:* The certification/renewal of CRNGS suppliers is governed by Chapters 4901:1-27 and 4901:1-29 of the Ohio Administrative Code, and Section 4929.20 of the Ohio Revised Code.