Reliance Marcellus II LLC

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF RELIANCE MARCELLUS II LLC.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RELIANCE MARCELLUS II LLC.** (hereinafter referred to as 'the Company') which comprises of the Balance Sheet as at 31st December, 2015, the Profit and Loss Statement, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2015, and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

We further report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

(b) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W - 100018)

(Abhijit A. Damle)
(Partner)
(Membership No. 102912)

Mumbai, dated: 31st March, 2016

Balance Sheet as at 31 December 2015

					In USD
	Note		**As at 31st Dec, 2015**		**As at 31st Dec, 2014**
EQUITY AND LIABILITIES					
Member's Funds					
Member's contribution	1	525,605,000		325,605,000	
Reserves and Surplus	2	(463,190,397)		(268,685,779)	
			62,414,603		**56,919,221**
Non-Current Liabilities					
Long Term Borrowings	3	295,050,000		467,582,104	
Long Term Provisions	4	5,066,937		5,066,829	
			300,116,937		**472,648,933**
Current Liabilities					
Trade Payables		572,449		4,529,308	
Other Current Liabilities	5	1,750,632		15,544,558	
			2,323,081		**20,073,866**
TOTAL			**364,854,621**		**549,642,020**
ASSETS					
Non-Current Assets					
Fixed Assets:	6				
Intangible Assets		263,136,897		372,196,209	
Intangible Assets under Development		98,820,432		171,209,586	
			361,957,329		**543,405,795**
Current Assets					
Cash and Bank balances	7	972,648		391,276	
Short-Term Loans and Advances	8	1,082,642		322,087	
Other Current Assets	9	842,002		5,522,862	
			2,897,292		**6,236,225**
TOTAL			**364,854,621**		**549,642,020**
Corporate information and Significant Accounting Policies and Notes to the financial statements.	1-23				

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: MUMBAI
Date: 31st March, 2016

For and on behalf of the Board

Director

Officer

Place: HOUSTON
Date: March 31, 2016

Profit and Loss Statement for the year ended 31 December 2015

	Note	2015	2014
			In USD
INCOME:			
Revenue From Operations (Net)	10	17,432,957	65,589,831
Other Income	11	2,321,429	124,832
Total Revenue		**19,754,386**	**65,714,663**
EXPENDITURE:			
Share of Operating Expenses in Shale Gas Operations	12	9,923,562	10,188,626
Employee Benefits Expense	13	308,564	399,688
Finance Costs	14	13,225,335	21,106,922
Depletion Expense	15	22,737,054	49,108,241
Other Expenses	16	168,064,489	227,278,825
Total Expenses		**214,259,004**	**308,082,302**
(Loss) for the year		**(194,504,618)**	**(242,367,639)**
Corporate Information and Significant Accounting Policies and Notes to the financial statements	1-23		

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: MUMBAI
Date: 31st March, 2016

For and on behalf of the Board

Director

Officer

Place: HOUSTON
Date: March 31, 2016

Cash Flow Statement for the year ended 31 December 2015

			2015		*In USD* 2014
A:	**CASH FLOW FROM OPERATING ACTIVITIES**				
	(Loss) for the year as per Profit and Loss Statement		(194,504,618)		(242,367,639)
	Adjusted for:				
	Depletion Expense	22,737,054		49,108,241	
	Impairment of Oil & Gas Properties	167,264,446		225,260,581	
	Loss on Sale / Discarding of Assets	482,892		148,269	
	Unrealized Gain on Derivatives (Net)	1,520,686		(1,197,144)	
	Finance Costs	13,225,335		21,106,922	
			205,230,413		294,426,869
	Operating Profit before Working Capital Changes		10,725,795		52,059,230
	Adjusted for:				
	Short-Term Loans & Advances and Other Current Assets	2,399,619		4,132,424	
	Trade payables and other current liabilities	(4,152,077)		(2,194,824)	
			(1,752,458)		1,937,600
	Net Cash from Operating Activities		**8,973,337**		**53,996,830**
B:	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets		(9,366,551)		(50,650,404)
	Sale of Fixed Assets		73,242		2,881,160
	Net Cash (Used in) Investing Activities		**(9,293,309)**		**(47,769,244)**
C:	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long Term Borrowings		135,000,000		19,000,000
	Repayment of Long Term Borrowings		(253,000,000)		30,000,000
	Proceeds of Loan from Holding Company		259,400,000		-
	Repayment of Loan from Holding Company		(115,000,000)		(20,000,000)
	Finance Costs		(25,498,656)		(35,478,195)
	Debt Issuance Costs		-		(127,500)
	Net Cash Generated from / (Used in) Financing Activities		**901,344**		**(6,605,695)**
	Net Increase / (Decrease) in Cash and Cash Equivalents		581,372		(378,109)
	Opening Balance of Cash and Cash Equivalents (refer note 7)		391,276		769,385
	Closing Balance of Cash and Cash Equivalents		**972,648**		**391,276**

Non Cash Item:
Conversion of loan into member contribution during the year $ 200,000,000 (Previous year $225,000,000)

Corporate Information and Significant Accounting Policies and Notes to the financial standards 1-23

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: MUMBAI
Date: 31st March, 2016

For and on behalf of the Board

Director

Officer

Place: HOUSTON
Date: March 31, 2016

Corporate Information and Significant Accounting Policies on Financial Statements for the year ended 31 December 2015

I. CORPORATE INFORMATION

A. Reliance Marcellus II LLC (the Company) was incorporated as a limited liability company on 28 June 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at 1675 S, State Street, Suite B, Dover, Delaware 19901, United States of America. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses.

The Company is a wholly owned subsidiary of Reliance Holding USA, Inc. (the Holding Company). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed company.

B. On 4 August 2010, the Company executed definitive agreements to enter into a joint venture with Carrizo Oil & Gas Inc. (Carrizo) and ACP Marcellus II LLC (Avista), an affiliate of Avista Capital Partners, under which the Company acquired a 60% interest in the existing joint venture's Marcellus Shale acreage position for $340 million in cash and $52 million of drilling carry obligations. The drilling carry obligations provide for 75% of Carrizo's share of development costs over an anticipated two-year development program. In addition, the Company will have to fund its share of the development plan. Carrizo conveyed 20% of its acreage and Avista conveyed 100% of its acreage. The Company held 60% of the acreage of the joint venture, the net acreage of which was 104,376 net acres. Carrizo (joint venture partner) is the operator, with 40% participating interest. In November 2012, the Company fully met its $52 million drilling carry obligation.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) including Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements are prepared on accrual basis under the Historical cost convention.

The previous year figures have been regrouped / reclassified / restated, wherever necessary to conform to the current year presentation.

III. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/ materialized.

B. Revenue Recognition:

Revenue is recognized only when the risk and reward incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue is recorded net of royalties, discounts, and rebates.

Revenue from sale of oil, natural gas and natural gas liquids (NGL) is recognized when the risk and reward of ownership have been transferred, which is when title passes to the customer. This generally occurs when product is physically delivered and the customer has assumed the risks and rewards of ownership. Revenue from the production of oil and gas in which the Company has an interest with other producers is recognized based on the Company's working interest (the entitlement method).

Finance revenue is recognized as the interest accrues.

C. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the year in which they are incurred.

Corporate Information and Significant Accounting Policies on Financial Statements for the year ended 31 December 2015

D. Fixed Assets and Depletion:

Intangible Assets under Development and Intangible Assets - Development Rights (Oil and Gas):

The Company has adopted Full Cost Method of accounting for its Oil and Gas activities and all costs incurred are accumulated considering the country as a cost centre. Costs incurred on acquisition of interest in oil and gas ventures and on exploration and evaluation are accounted for as Intangible Assets under Development. Upon a reserve being either 'proved' or deemed to be 'dry', the costs accumulated in Intangible Assets under Development are ratably capitalized to intangible assets in respect of 'proved' reserves. All costs relating to production are charged to the Profit and Loss Statement.

Intangible Assets - Development Rights (Oil and Gas) are depleted in proportion of oil and gas production achieved vis-à-vis proved reserves considering the estimated future expenditures on developing the reserves as per technical evaluation.

Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. Accordingly, assets and liabilities as well as income and expenditure are accounted on the basis of available information on a line-by-line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

E. Impairment:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of net selling price and value in use. For the purpose of calculating the value in use, future cash flows emanating from proved, unproved and contingent reserves are discounted at differential rates calculated based on the weighted average cost of capital of the Holding Company.

An impairment loss is charged to Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

F. Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized in the financial statements and are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

G. Income Taxes:

The Company is not a taxpaying entity for federal or state income tax purposes, and, accordingly, it does not recognize any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Holding Company.

H. Derivative Instruments:

The Company avails commodity derivatives for trading purposes.

Since the derivative instruments are not designated as hedges, the Company accounts for changes in fair value of open derivative instruments through the Profit and Loss Statement. The fair values are based on market quotes of oil and gas commodities published by the New York Mercantile Exchange (NYMEX).

Realized gains/(losses) on transactions settled during the year are recognized in the Profit and Loss Statement.

I. Leases:

Operating Lease rentals are expensed on a straight line basis with reference to the lease terms and other considerations.

Notes on Financial Statements for the year ended 31 December 2015

1. MEMBERS CONTRIBUTION

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Contribution by Reliance Holding USA Inc.	525,605,000	325,605,000
TOTAL	**525,605,000**	**325,605,000**

2. RESERVES AND SURPLUS

In USD

	As at 31st Dec, 2015		As at 31st Dec, 2014	
Profit and Loss Account				
As per last Balance Sheet	(268,685,779)		(26,318,140)	
Add: (Loss) for the year	(194,504,618)		(242,367,639)	
		(463,190,397)		(268,685,779)
TOTAL		**(463,190,397)**		**(268,685,779)**

3. LONG TERM BORROWINGS

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Secured		
Term Loans from Banks (refer Notes 3.1 & 3.2)	-	116,932,104
Unsecured		
Loan from Holding Company (refer Notes 3.3 & 17)	295,050,000	350,650,000
TOTAL	**295,050,000**	**467,582,104**

3.1 On 9 May 2013, the Company executed a five year revolving credit agreement with a syndicated bank group (the Carrizo Credit Facility) which matures on 9 May 2018. The Carrizo Credit Facility had a maximum commitment of $300 million. The Carrizo Credit Facility was held by mortgages on the company's oil and gas properties and related assets. As on 31 December 2014, the outstanding loan was $118 million and the accrued interest was $2 thousand. The loan has since been repaid and the facility closed on 22 December 2015.

Borrowings under the Carrizo Credit Facility attracted interest at the ABR or LIBOR (in respect to any Eurodollar borrowings) at the borrower's option. Interest was to be fixed at LIBOR or ABR plus the applicable Interest Margin.

3.2 The costs related to raising of the debt on issuance is amortized over the tenure of the debt. The unamortized portion of Nil as at 31 December 2015 and $ 1 million as at 31 December 2014 has been netted off against the carrying values of related borrowings. The unamortized portion upon repayment of the loan in 2015 was fully charged off.

3.3 The Company borrows funds from the Holding Company @ 5.5% per annum interest as per loan agreement.

Notes on Financial Statements for the year ended 31 December 2015

4. LONG TERM PROVISIONS

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Decommissioning provision	5,066,937	5,066,829
TOTAL	**5,066,937**	**5,066,829**

Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets":

Movement in De-commissioning Provision:

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Opening Balance	5,066,829	4,901,070
Add: Provision made during the year	108	165,759
TOTAL	**5,066,937**	**5,066,829**

The outflow on this count may arise over a period of 5 to 50 years upon decommissioning of the shale gas wells

5. OTHER CURRENT LIABILITIES

In USD

	As at 31st Dec, 2015		As at 31st Dec, 2014	
Interest Payable:				
– to Related Party (refer Note 17)	13,697		2,688,995	
– to Others	-	13,697	1,812	2,690,807
Other payables to Related Party (refer Note 17)		237,972		433,190
Creditors for capital expenditure		1,498,963		12,420,561
TOTAL		**1,750,632**		**15,544,558**

Notes on Financial Statements for the year ended 31 December 2015

6. FIXED ASSETS

In USD

Description	Gross Block			Depletion			Impairment			Net Block
	As at 01-01-2015	Additions / Adjustments	**As at 31-12-2015**	As at 01-01-2015	For the Year	**As at 31-12-2015**	As at 01-01-2015	For the Year	**As at 31-12-2015**	**As at 31-12-2015**
INTANGIBLE ASSETS (Other than internally generated)										
Development Rights (Oil and Gas) (Note 1)	487,776,928	21,504,702	**509,281,630**	106,535,503	22,737,054	**129,272,557**	9,045,216	107,826,960	**116,872,176**	**263,136,897**
Total	**487,776,928**	**21,504,702**	**509,281,630**	**106,535,503**	**22,737,054**	**129,272,557**	**9,045,216**	**107,826,960**	**116,872,176**	**263,136,897**
Intangible assets under Development (Note 1 & 2)										**98,820,432**

In USD

Description	Gross Block			Depletion			Impairment			Net Block
	As at 01-01-2014	Additions / Adjustments	**As at 31-12-2014**	As at 01-01-2014	For the Year	**As at 31-12-2014**	As at 01-01-2014	For the Year	**As at 31-12-2014**	**As at 31-12-2014**
INTANGIBLE ASSETS (Other than internally generated)										
Development Rights (Oil and Gas) (Note 1)	417,191,220	70,585,708	**487,776,928**	57,427,262	49,108,241	**106,535,503**	-	9,045,216	**9,045,216**	**372,196,209**
Total	**417,191,220**	**70,585,708**	**487,776,928**	**57,427,262**	**49,108,241**	**106,535,503**	**-**	**9,045,216**	**9,045,216**	**372,196,209**
Intangible assets under Development (Note 1 & 2)										**171,209,586**

Note: 1. Borrowing costs capitalized during 2015 were $ 10.7 million ($ 17.2 million in 2014).

2. Intangible Assets under Development are net of impairment of $ 59,437,486 ($ 216,215,365 in 2014).

Notes on Financial Statements for the year ended 31 December 2015

7. CASH AND BANK BALANCES

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Balance with bank	972,648	391,276
TOTAL	**972,648**	**391,276**

8. SHORT-TERM LOANS AND ADVANCES
(Unsecured and considered good)

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Advance to Operator	1,054,902	-
Others	27,740	322,087
TOTAL	**1,082,642**	**322,087**

9. OTHER CURRENT ASSETS

In USD

	As at 31st Dec, 2015	As at 31st Dec, 2014
Commodity derivative asset	-	1,520,686
Revenue receivable	842,002	4,002,176
TOTAL	**842,002**	**5,522,862**

10. REVENUE FROM OPERATIONS (NET)

In USD

	2015	2014
Sale of Products:		
Gas	17,432,957	65,589,831
TOTAL	**17,432,957**	**65,589,831**

11. OTHER INCOME

In USD

	2015	2014
Miscellaneous Income	136,254	124,832
Gain on derivatives (net)	2,185,175	-
TOTAL	**2,321,429**	**124,832**

Notes on Financial Statements for the year ended 31 December 2015

12. SHARE OF OPERATING EXPENSES IN SHALE GAS OPERATIONS

In USD

	2015	2014
Midstream expenses	258,092	374,866
Operating expenses	5,318,807	5,502,062
Operator's general and administrative expenses	3,268,040	2,859,138
Marketing expenses	16,230	28,655
Production taxes	1,062,393	1,423,905
TOTAL	**9,923,562**	**10,188,626**

13. EMPLOYEE BENEFITS EXPENSE

In USD

	2015	2014
Salaries and wages #	308,564	399,688
TOTAL	**308,564**	**399,688**

represents allocation of expenses incurred by Holding Company, net of capitalization

14. FINANCE COSTS

In USD

	2015	2014
Interest expenses #	10,563,868	17,935,532
Other borrowing costs #	2,661,467	3,171,390
TOTAL	**13,225,335**	**21,106,922**

includes expenses pertaining to transactions with related parties, net of capitalization

15. DEPLETION EXPENSE

In USD

	2015	2014
Depletion of development rights	22,737,054	49,108,241
TOTAL	**22,737,054**	**49,108,241**

Notes on Financial Statements for the year ended 31 December 2015

16. OTHER EXPENSES

In USD

	2015	2014
Legal and Professional fees #	271,630	249,632
(Loss) on derivatives (net)	-	1,580,612
Geneeral expenses #	39,821	39,731
Operating Lease rentals (refer note 19)	5,700	-
Impairment Loss ##	167,264,446	225,260,581
Loss on sale of assets	482,892	148,269
TOTAL	**168,064,489**	**227,278,825**

including recharge of expenses incurred by Holding Company

An exceptional item

17. RELATED-PARTY DISCLOSURES

(i) List of related parties where control exists and related parties where transactions have taken place:

Name of the related party	Relationship
Reliance Holding USA Inc	Holding company (control exists)
Reliance Industries Limited	Ultimate Holding company (control exists)

(ii) Related-Party Transactions

In USD

		As at 31 December	
Name of the related party	**Balances as at year end**	**2015**	**2014**
Reliance Holding USA Inc	Standby Letter of Credit given by	282,663	282,663
Reliance Holding USA Inc	Loan from Holding Company	295,050,000	350,650,000
Reliance Holding USA Inc	Other payable	237,972	433,190
Reliance Holding USA Inc	Interest payable	13,697	2,688,995

In USD

		Years ended 31 December	
Name of the related party	**Nature of Transactions**	**2015**	**2014**
Reliance Holding USA Inc	Guarantee commission	1,819,137	3,782,125
Reliance Holding USA Inc	Allocated salaries and wages	572,367	706,290
Reliance Holding USA Inc	Interest expense	18,464,502	31,610,572
Reliance Holding USA Inc	Other costs	272,569	228,164

Notes on Financial Statements for the year ended 31 December 2015

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

In USD

	As at 31 December	
	2015	**2014**
Contingent Liabilities:		
Standby Letter of Credit	397,260	499,260

19. LEASES

The Company has taken premise on non-cancellable operating lease basis with tenor upto 01 November, 2016. The future minimum rentals are as follows:

In USD

	As at 31 December	
	2015	**2014**
Later than one year and not later than five years	-	-
Due within one year	19,000	-

Lease payment recognized in the Profit & Loss statement in connection with the above for the year 2015 and 2014 are USD 5,700 and Nil respectively.

20. COMPANY'S SHARE OF PROVED RESERVES

	Proved Reserves (Million M^3)		**Proved Developed Reserves (Million M^3)**	
GAS:	**2015**	**2014**	**2015**	**2014**
Beginning of the year	6,464	6,693	5,346	4,805
Revision of estimates	74	539	(6)	1,309
Production	(523)	(768)	(523)	(768)
Closing Balance for the year	**6,015**	**6,464**	**4,817**	**5,346**

1 cubic meter (M^3) = 35.315 cubic feet, 1 cubic feet = 1000 BTU and 1 MT = 7.5 bbl

21. SEGMENT REPORTING

The Company is in the business of development and production of oil and gas from shale reservoirs in the United States of America. Consequently, there is a single business and geographical segment.

Notes on Financial Statements for the year ended 31 December 2015

22. DISCLOSURE OF THE COMPANY'S INTEREST IN OIL AND GAS VENTURES (JOINTLY CONTROLLED ASSETS)

Name of the Unincorporated Joint Venture	**Company's % interest**	**Partners and their Participating Interest**	**Country**
Carrizo Marcellus Joint Venture	60%	Carrizo Marcellus LLC - 40% (Operator)	USA

Previous year's interests are same as current year.

23. IMPAIRMENT OF OIL AND GAS ASSETS

During the year, in view of indicators of impairment being the significant downturn in commodity prices and resultant slowdown in the pace of development, the Company proceeded to determine the recoverable amount. Given the intent to stay invested in the business, recoverable amount was determined basis the value in use, being the net present value of future cash flows emanating from the proved, probable, possible and contingent reserves, discounted at differential rates, calculated based on the weighted average cost of capital of the Holding Company. The impairment loss has accordingly, been recognized in respect of 'Development Rights', an intangible asset and 'Intangible Assets under Development' of USD 107,826,960 and USD 59,437,486 respectively. Since the Company follows Full Cost Method of accounting wherein the cost centre is not smaller than the country, value in use has been determined in respect of the Company's share of reserves in Carrizo in United States of America. For the purposes of discounting the future net cash-flows, discounting rates of 5% and 7% have been used in respect of 'Proved' reserves and 'Probable, Possible and Contingent Reserves' respectively.