

Reliance Eagleford Upstream Holding LP

Independent Auditors' Report

TO THE PARTNERS OF RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RELIANCE EAGLEFORD UPSTREAM HOLDING LP**, (hereinafter referred to as 'the LP') 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 LP's Management 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 LP in accordance with the accounting principles generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the LP 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 LP'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 LP 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 Management, 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 LP 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

		<i>In USD</i>	
	Note	As at 31st Dec, 2015	As at 31st Dec, 2014
EQUITY AND LIABILITIES			
Partnership Capital			
Partners contribution	1	228,350,000	228,350,000
Share of net income	2	535,552,925	652,464,550
		763,902,925	880,814,550
Non-Current Liabilities			
Long Term Borrowings	3	2,644,682,251	2,367,464,380
Long Term Provisions	4	28,222,211	23,856,504
		2,672,904,462	2,391,320,884
Current Liabilities			
Trade Payables		29,904,779	28,834,453
Other Current Liabilities	5	13,932,182	81,912,255
		43,836,961	110,746,708
TOTAL		3,480,644,348	3,382,882,142
ASSETS			
Non-Current Assets			
Fixed Assets:	6		
Intangible Assets		2,730,926,389	2,488,794,979
Intangible Assets under Development		676,923,566	784,885,629
		3,407,849,955	3,273,680,608
Current Assets			
Inventories	7	194,366	294,817
Cash and Bank Balances	8	777,501	2,620,999
Other Current Assets	9	71,822,526	106,285,718
		72,794,393	109,201,534
TOTAL		3,480,644,348	3,382,882,142

*Corporate information and significant
Accounting Policies and
Notes to the financial statements.*

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As per our report of even date

For and on behalf of the Board

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

Abhijit A. Damle
Partner
Membership No. 102912

Director Officer

Place: MUMBAI
Date: 31st March, 2016

Place: HOUSTON
Date: March 31, 2016

Profit and Loss Statement for the year ended 31 December 2015

	Note	2015	<i>In USD</i> 2014
INCOME:			
Revenue From Operations	10	405,525,781	776,857,703
Other Income	11	33,207,169	3,858,342
Total Revenue		438,732,950	780,716,045
EXPENDITURE:			
Share of Operating Expenses in Shale Gas Operations	12	188,104,832	183,776,219
Change in inventories of finished goods	13	100,451	(28,762)
Employee Benefits Expense	14	1,504,160	1,751,886
Finance Costs	15	95,894,447	97,685,560
Depletion Expense	16	269,486,879	240,757,277
Other Expenses	17	553,806	639,425
Total Expenses		555,644,575	524,581,605
(Loss)/ Profit for the year		(116,911,625)	256,134,440
<i>Corporate Information and Significant Accounting Policies and Notes to the financial statements</i>	1-22		

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

	<i>In USD</i>	
	2015	2014
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss)/Profit for the year as per Profit and Loss Statement	(116,911,625)	256,134,440
Adjusted for:		
Depletion Expense	269,486,879	240,757,277
Unrealized Gain on Derivatives (Net)	(10,326,878)	(1,252,684)
Interest Income	(32,739)	(17,177)
Finance Costs	95,894,447	97,685,560
	<u>355,021,709</u>	<u>337,172,976</u>
Operating Profit before Working Capital Changes	238,110,084	593,307,416
Adjusted for:		
Short-Term Loans & Advances and Other Current Assets	44,790,071	16,023,720
Inventories	100,451	(28,762)
Trade payables and other current liabilities	(1,110,825)	1,608,837
	<u>43,779,697</u>	<u>17,603,795</u>
Net Cash from Operating Activities	<u>281,889,781</u>	<u>610,911,211</u>
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(400,647,490)	(535,317,367)
Interest Income	32,739	17,177
Net Cash / (Used in) Investing Activities	<u>(400,614,751)</u>	<u>(535,300,190)</u>
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	1,233,500,000	205,000,000
Repayment of Long Term Borrowings	(960,000,000)	(177,000,000)
Finance Costs	(156,618,528)	(102,858,276)
Debt Issuance Costs	-	(1,008,225)
Net Cash Generated from / (Used in) Financing Activities	<u>116,881,472</u>	<u>(75,866,501)</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(1,843,498)</u>	<u>(255,480)</u>
Opening Balance of Cash and Cash Equivalents	<u>2,620,999</u>	<u>2,876,479</u>
Closing Balance of Cash and Cash Equivalents (refer note 8)	<u><u>777,501</u></u>	<u><u>2,620,999</u></u>

Corporate Information and
Significant Accounting Policies and
Notes to the financial statements

1-22

As per our report of even date

For and on behalf of the Board

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

Abhijit A. Damle
Partner
Membership No. 102912

Director Officer

Place: MUMBAI
Date: 31st March, 2016

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 Eagleford Upstream Holding LP (the “Partnership”, “LP”) was formed as a Texas limited liability partnership on 17 June 2010, in the United States. The principal office of the LP is situated at 2000 W. Sam Houston Parkway S, Houston, Texas 77042. The LP is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses. The LP is composed of two partner companies listed in the table below. The LP’s ultimate parent is Reliance Industries Limited, an Indian listed company.

Company	Country of Incorporation	Percentage Ownership	Principal Business Activities
Reliance Eagleford Upstream LLC	USA	99.99	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	0.01	Exploration and production of oil and gas

Reliance Eagleford Upstream LLC and Reliance Eagleford Upstream GP LLC are, respectively, the limited partner and general partner. Reliance Holding USA Inc. is the holding company of the limited partner and general partner (the “Holding Company”).

- B. On 23 June 2010, the LP executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA, Inc. (Pioneer) under which the LP acquired a 45% interest in Pioneer’s core Eagle Ford Shale acreage position in two separate transactions for a total of \$264 million cash and \$1.05 billion of drilling carry obligations. The drilling carry obligations provided for 75% of the other joint venture partners’ capital costs over an anticipated six-year development program. In addition, the LP will have to fund its share of the development plan. Pioneer and Newpek LLC, Pioneer’s then-current partner in the Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to the LP. The LP became a partner in 262,683 net acres. Pioneer continues to be the operator, with 46.354% participating interest. In December 2012, the entire \$1.05 billion drilling carry obligation was fulfilled.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the LP 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 LP has an interest with other producers is recognized based on the LP’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

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

intended use. All other borrowing costs are charged to the Profit and Loss Statement in the year in which they are incurred.

D. Inventories:

Inventories of crude oil are stated at lower of cost and net realizable value. The net realizable value of crude oil is based on estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, at the balance sheet date.

E. Fixed Assets and Depletion:

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

The LP 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 LP's financial statements, according to the participating interest of the LP.

F. 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.

G. 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.

H. Income Taxes:

The LP 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 LP's activities is the responsibility of the Holding Company.

I. Derivative Instruments:

The LP avails commodity derivatives for trading purposes.

Since the derivative instruments are not designated as hedges, the LP 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.

Notes on Financial Statements for the year ended 31 December 2015

1. PARTNERS CONTRIBUTION

	<i>In USD</i>	
	<u>As at 31st Dec, 2015</u>	<u>As at 31st Dec, 2014</u>
Partners Contributions:		
Reliance Eagleford Upstream LLC	228,327,165	228,327,165
Reliance Eagleford Upstream GP LLC	22,835	22,835
TOTAL	<u><u>228,350,000</u></u>	<u><u>228,350,000</u></u>

2. SHARE OF NET INCOME

	<i>In USD</i>	
	<u>As at 31st Dec, 2015</u>	<u>As at 31st Dec, 2014</u>
Profit and Loss Account		
As per last Balance Sheet	652,464,550	396,330,110
Add : (Loss) / Profit for the year	<u>(116,911,625)</u>	<u>256,134,440</u>
TOTAL	<u><u>535,552,925</u></u>	<u><u>652,464,550</u></u>

3. LONG TERM BORROWINGS

	<i>In USD</i>	
	<u>As at 31st Dec, 2015</u>	<u>As at 31st Dec, 2014</u>
Secured		
Term Loans from Banks (refer Notes 3.1 & 3.2)	-	550,282,129
Unsecured		
Loan from Partner (refer Note 3.3 & 18)	<u>2,644,682,251</u>	<u>1,817,182,251</u>
TOTAL	<u><u>2,644,682,251</u></u>	<u><u>2,367,464,380</u></u>

- 3.1 On October 19, 2012, the LP executed a five-year revolving credit agreement with a syndicated bank group (the Pioneer Credit Facility) which matures on 19 October 2017. The Pioneer Credit Facility had a maximum commitment of \$1 billion. The Pioneer Credit Facility was held by mortgages on the LP's oil and gas properties and related assets. As on 31 December 2014, the outstanding loan was \$554 million and the accrued interest was Nil. The loan has been repaid and the facility closed on 22 December 2015.

Borrowings under the Pioneer Credit Facility attracted interest at the Alternative Base Rate (ABR) or LIBOR (in respect to any Eurodollar borrowings) at the borrower's option. Interest was fixed at LIBOR or ABR plus the Applicable Interest Margin. The ABR is defined as the higher of the prime rate or the sum of the Federal Funds effective rate plus 0.5%. The LIBOR rate is defined as the applicable British Bankers' Association London Interbank Offered Rate (LIBOR) for deposits in U.S. Dollars.

- 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 \$ 4 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 LP 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

	As at	<i>In USD</i>
	31st Dec, 2015	As at
		31st Dec, 2014
Decommissioning provision	28,222,211	23,856,504
TOTAL	28,222,211	23,856,504

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

Movement in De-commissioning Provision:

	As at	As at
	31st Dec, 2015	31st Dec, 2014
Opening Balance	23,856,504	18,428,874
Add: Provision made during the year	4,365,707	5,427,630
	28,222,211	23,856,504

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

	As at	<i>In USD</i>
	31st Dec, 2015	As at
		31st Dec, 2014
Interest payable to Related Party (refer Note 18)	49,745	26,258,472
Other payables to Related Party (refer Note 18)	573,661	2,754,812
Creditors for capital expenditure	13,308,776	52,898,971
TOTAL	13,932,182	81,912,255

Notes on Financial Statements for the year ended 31 December 2015

6. FIXED ASSETS

In USD

Description	Gross Block			Depletion			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 31-12-2015
INTANGIBLE ASSETS (Other than internally generated)							
Development Rights (Oil and Gas) (Note 1)	3,208,785,514	511,618,289	3,720,403,803	719,990,535	269,486,879	989,477,414	2,730,926,389
Total	3,208,785,514	511,618,289	3,720,403,803	719,990,535	269,486,879	989,477,414	2,730,926,389
Intangible assets under Development (Note 1)							676,923,566

In USD

Description	Gross Block			Depletion			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 31-12-2015
INTANGIBLE ASSETS (Other than internally generated)							
Development Rights (Oil and Gas) (Note 1)	2,628,202,058	580,583,456	3,208,785,514	479,233,258	240,757,277	719,990,535	2,488,794,979
Total	2,628,202,058	580,583,456	3,208,785,514	479,233,258	240,757,277	719,990,535	2,488,794,979
Intangible assets under Development (Note 1)							784,885,629

Note: 1. Borrowing costs capitalized during 2015 were \$ 38.2 million (\$ 31.8 million in 2014).

Notes on Financial Statements for the year ended 31 December 2015

7. INVENTORIES

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
Finished goods	194,366	294,817
TOTAL	194,366	294,817

8. CASH AND BANK BALANCES

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
Balance with bank	777,501	2,620,999
TOTAL	777,501	2,620,999

9. OTHER CURRENT ASSETS

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
Commodity derivative asset	11,311,038	984,159
Revenue receivable	60,475,904	105,301,559
Others	35,584	-
TOTAL	71,822,526	106,285,718

10. REVENUE FROM OPERATIONS

	<i>In USD</i>	
	2015	2014
Sale of Products:		
Gas	91,817,135	137,984,314
Natural Gas Liquids (NGL)	56,342,917	122,969,177
Condensate	257,365,729	515,904,212
TOTAL	405,525,781	776,857,703

11. OTHER INCOME

	<i>In USD</i>	
	2015	2014
Interest Income	32,739	17,177
Gain on derivatives (net)	33,174,430	3,841,165
TOTAL	33,207,169	3,858,342

Notes on Financial Statements for the year ended 31 December 2015

12. SHARE OF OPERATING EXPENSES IN SHALE GAS OPERATIONS

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Operating expenses	170,290,792	153,981,102
Production taxes	17,814,040	29,795,117
TOTAL	<u>188,104,832</u>	<u>183,776,219</u>

13. CHANGES IN INVENTORIES OF FINISHED GOODS

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Inventories (at close)		
Finished goods	194,366	294,817
Less: Inventories (at commencement)		
Finished goods	294,817	266,055
TOTAL	<u>100,451</u>	<u>(28,762)</u>

14. EMPLOYEE BENEFITS EXPENSE

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Salaries and wages #	1,504,160	1,751,886
TOTAL	<u>1,504,160</u>	<u>1,751,886</u>

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

15. FINANCE COSTS

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Interest expenses #	81,366,015	84,983,602
Other borrowing costs #	14,528,432	12,701,958
TOTAL	<u>95,894,447</u>	<u>97,685,560</u>

includes expenses pertaining to transaction with related parties, net of capitalization.

Notes on Financial Statements for the year ended 31 December 2015

16. DEPLETION EXPENSE

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Depletion of development rights	269,486,879	240,757,277
TOTAL	<u>269,486,879</u>	<u>240,757,277</u>

17. OTHER EXPENSES

	<i>In USD</i>	
	<u>2015</u>	<u>2014</u>
Legal and Professional fees #	478,610	563,439
General expenses #	75,196	75,986
TOTAL	<u>553,806</u>	<u>639,425</u>

includes recharge of expenses incurred by Holding company

18. 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)
Reliance Eagleford Upstream LLC	Partner

(ii) Related-Party Transactions

		<i>In USD</i>	
		<u>As at 31 December</u>	
Name of the related party	Balances as at year end	<u>2015</u>	<u>2014</u>
Reliance Holding USA Inc	Standby Letter of Credit	30,000,000	-
Reliance Eagleford Upstream LLC	Interest payable	49,745	26,258,472
Reliance Eagleford Upstream LLC	Loan from partner	2,644,682,251	1,817,182,251
Reliance Holding USA Inc	Other payable	573,661	2,746,262
Reliance Eagleford Upstream LLC	Other payable	-	8,550

		<i>In USD</i>	
		<u>Year ended 31 December</u>	
Name of the related party	Nature of Transactions	<u>2015</u>	<u>2014</u>
Reliance Holding USA Inc	Guarantee commission	10,798,788	11,526,750
Reliance Holding USA Inc	Allocated salaries and wages	2,790,123	3,095,765
Reliance Eagleford Upstream LLC	Interest expense	103,592,350	105,907,175
Reliance Holding USA Inc	Other costs	443,409	671,534

Notes on Financial Statements for the year ended 31 December 2015

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	<i>In USD</i>	
	<u>As at 31 December</u>	
	2015	2014
Contingent Liabilities:		
Commitment to EFS Midstream LLC	30,000,000	-

20. PARTNERSHIP'S SHARE OF PROVED RESERVES

	Proved Reserves (Million MT)		Proved Developed Reserves (Million MT)	
	2015	2014	2015	2014
OIL:				
Beginning of the year	23.50	20.50	7.44	6.07
Revision of estimates	(0.86)	4.48	(0.19)	2.85
Production	(1.38)	(1.48)	(1.38)	(1.48)
Closing Balance for the year	21.26	23.50	5.87	7.44

	Proved Reserves (Million M ³)		Proved Developed Reserves (Million M ³)	
	2015	2014	2015	2014
GAS:				
Beginning of the year	16,012	14,889	5,123	4,548
Revision of estimates	290	2,016	(116)	1,468
Production	(967)	(893)	(967)	(893)
Closing Balance for the year	15,335	16,012	4,040	5,123

1 cubic meter (M³) = 35.315 cubic feet, 1 cubic feet = 1000 BTU and 1 MT = 7.5 bbl

21. SEGMENT REPORTING

The Partnership 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.

22. DISCLOSURE OF THE PARTNERSHIP'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
EFS JDA Partnership	45%	Pioneer Natural Resources USA Inc - 46.354% (Operator)	USA
		Newpek LLC - 8.646% (Non operator)	

Previous year's interests are same as current year.