

UNITED STATES BANKRUPTCY COURT
Southern District of New York

In re: Falcon Gas Storage Company, Inc. Case No. 12-11790 (SHL)

Debtor

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY
OF ENTITIES IN WHICH THE ESTATE OF
FALCON GAS STORAGE COMPANY, INC.
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of 12/31/2011 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of Falcon Gas Storage Company, Inc. holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR
DEBTOR IN POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

Date: June 8, 2012

/s/ Brian McCabe

Signature of Authorized Individual

Brian McCabe

Name of Authorized Individual

Director, President and Secretary

Title of Authorized Individual

Falcon Gas Storage Company, Inc.

Debtor

Exhibit A
Valuation Estimate for Falcon Gas Storage Company, Inc.

Exhibits B1-B4
Financial Statements for Falcon Gas Storage Company, Inc.

The Debtor does not maintain separate financials for this entity. Desert Southwest is an inactive natural gas storage development project with a book value of \$0.

Exhibit C
Description of Operations for Falcon Gas Storage Company, Inc.