

**BEFORE THE ENERGY & CARBON MANAGEMENT COMMISSION
OF THE STATE OF COLORADO**

**AFFIDAVIT OF MAC PENMAN REGARDING OPERATOR'S FINANCIAL POSITION
AND ABILITY TO MEET IT OBLIGATIONS**

Piceance Creek Ranch, LLC ("Piceance Creek") submits this affidavit in support of its Form 3 – Option 5 submittal.

Before me, the undersigned authority, personally appeared Mac Penman, who, being by me duly sworn, stated under oath as follows:

1. My name is Mac Penman, and I am one of two members of Piceance Creek, the other being my spouse. I am over the age of eighteen (18) years, and I am fully competent to make this affidavit.
2. I am duly qualified, competent, and authorized to make this affidavit, as a member of Piceance Creek, the facts of which are within my personal knowledge and are true and correct.
3. My spouse and I formed Piceance Creek for the purpose of purchasing and operating the Piceance Creek Ranch property, an approximately 5,700 acre property In Rio Blanco County, Colorado (the "Ranch").
4. On or around March 22, 2022, Piceance Creek purchased the Ranch, including two domestic use only natural gas wells.
5. Commercial operations at the Ranch, since it was founded around 1884 (and continuing to today) include cattle ranching, private hunting and fishing, and agricultural production and leasing.
6. Since purchasing the Ranch, Piceance Creek has provided to the Commission two \$10,000 plugging and abandonment cash bonds, one for each of its two domestic use gas wells, has

performed cleanup of a legacy pit associated with one of the domestic use wells, which was reported to the Commission, and has conducted integrity testing of the gas lines and flow line at the Ranch to confirm safe operation and environmental integrity.

7. Piceance Creek is well capitalized due to business operations and initial and planned future capital contributions by its members.
8. Because Piceance Creek is a limited liability company with fairly straightforward finances, while it does use accountants to prepare taxes and an annual balance sheet, a formal financial audit is not practicable.
9. I requested that Remington Technologies of Greeley, Colorado (“Remington”) travel to the Ranch, visit the two domestic use gas wells and their associated locations, and prepare a cost estimate to ultimately reclaim the locations.
10. Remington estimated that the total cost to properly reclaim the two locations associated with the domestic use gas wells is \$53,230.08. In addition, the Commission’s default estimate to plug and abandon a well is \$10,000.00 per well. Based on these estimates, Piceance Creek believes the cost to plug, abandon, and reclaim the two domestic use gas wells and their associated locations is approximately \$73,230.00.
11. Piceance Creek has assets on its balance sheet that are more than twenty (20) times the estimated costs to fully plug, abandon, remediate, and reclaim all of its oil and gas assets in the state of Colorado.
12. Further, pending acceptance of various tax filings with the U.S. Internal Revenue Service by various of Piceance Creek’s members, including myself, it is anticipated that significant capital will be injected into Piceance Creek by the members, such that its financial stability will be even stronger. The timing is subject to the IRS, but is anticipated to occur during 2023.

13. Piceance Creek's financials are reviewed annually by an independent, third party accountant, but due to practicability, those financials were not audited for 2022, the first year of Piceance Creek Ranch, LLC's first year of existence.

14. Piceance Creek is in sufficient financial position to provide a guarantee with respect to all of its financial obligations under Commission rules in the state of Colorado.

FURTHER AFFIANT SAYETH NOT.

M. S. Penman
NAME

STATE OF ILLINOIS

COUNTY OF LAKE

Before me, the undersigned Notary Public, on this day personally appeared Mac Penman, who, after being duly sworn, stated under oath that he has read the above Affidavit and that every statement contained therein is within his personal knowledge and is true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME on this the 5 day of October, 2023.

Meshaile Raylynn Myers
Notary Public in and for the State of Illinois

My Commission Expires:

