

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

AFFIDAVIT OF MAC PENMAN REGARDING OPTION 5 JUSTIFICATION

Piceance Creek Ranch, LLC (“Piceance Creek”) submits this affidavit supporting its Form 3 – Option 5 Application.

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. There are currently no commercial oil and gas operations at the Ranch, nor are there any plans for future development that I have actual knowledge about.

7. The primary purpose for purchasing the Ranch was to have a scenic, working, mountain ranch to live at.
8. Piceance Creek intends to continue managing the Ranch with a focus on proper range management and conservation.
9. Heating and cooking fuel at the Ranch is provided solely by two domestic natural gas wells located on the Ranch property, and which produce natural gas from two wells owned by Piceance Creek.
10. In order to operate the two domestic use wells, Piceance Creek registered with the Commission as an Operator.
11. Piceance Creek intends to operate its two domestic use gas wells in full compliance with all Commission rules.
12. 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 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.
13. Since the domestic use gas wells are the only source of natural gas at the Ranch, so long as the wells produce enough natural gas for cooking and heating needs at the Ranch, the wells are critical to Ranch life and operations, especially considering Piceance Creek already owns the wells that produce the gas.
14. At the point in the future that the domestic use wells are unable to produce sufficient gas for Ranch operations, the wells will be plugged, abandoned, remediated, and reclaimed to standards likely above and beyond whatever the then-current standards are. The Ranch was

purchased for its wild and scenic nature. Our intent, once the wells can no longer provide the necessary fuel and must be abandoned, is to fully reclaim the property to a natural condition consistent with other lands at the Ranch.

15. Piceance Creek is well capitalized due to business operations and initial and planned future capital contributions by its members.
16. 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.
17. 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.
18. 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.
19. 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.
20. Piceance Creek’s financials will be reviewed annually by an independent third party accountant.

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

FURTHER AFFIANT SAYETH NOT.

M.S. Rama
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.

Mae Myers
Notary Public in and for the State of Illinois

My Commission Expires:

