



Form 3 - Financial Assurance Plan

Summary Information Overview

Form Name: **Form 3 - Financial Assurance Plan**
Document Number: **403549096**
Date Submitted: **10/5/2023**

Operator Information

Operator Number: **10794**
Operator Name: **PICEANCE CREEK RANCH LLC**
Operator Address: **3725 HAWTHORN COURT ATTN: MAC PENMAN**
Operator City: **WAUKEGAN**
Operator State: **IL**
Operator Zip: **60031**
First Name: **Joel**
Last Name: **Johnston**
Contact Phone: **(303) 607-5449**
Contact Email: **jjohnston@hallestill.com**
Initial Plan: ☒
Revised - Annual Review: ☐
Revised - Change in Circumstance: ☐
Revised - Proposed Transfer of Ownership: ☐
Revised - Transfer of Ownership: ☐
Docket Number: **230800265**
Commission Order:
Subsidiary Operators: **None**
Revised Plan Description:
Operator Transfer Type:
Operator's Total Oil Production: **0**
Operator's Total Gas Production: **0**
Operator's Aggregate GOR: **0**
Operator's GOR Determination:
Operator's Average Daily Per-Well Production: **N/A**
Public Company: **NO**
Current Approved Plan Option:

Well Data

Well Status Data

Reported Plugged Wells are excluded.

Status	Total	With Federal Financial Assurance	Tribal Wells	Subject to Rule 702
Active	2	0	0	2
Active Permit	0	0	0	0
Domestic	0	0	0	0
Drilling	0	0	0	0
Injecting	0	0	0	0
Producing	0	0	0	0
Shut In	0	0	0	0
Suspended Operations	0	0	0	0
Temporarily Abandoned	0	0	0	0
Waiting on Completion	0	0	0	0
TOTALS	2	0	0	2

Well Designation Data

Designation	Total	With Federal Financial Assurance	Tribal Wells	Subject to Rule 702
Defined Inactive	0	0	0	0
Noticed Inactive	0	0	0	0
Inactive Exception	0	0	0	0
Out of Service	0	0	0	0
Out of Service Repurposed	0	0	0	0
Low Producing	0	0	0	0

Number of Inactive Wells: 0

Number of Wells Plugged (2023): 0

Number of Wells Plugged (2022): 0

Number of Wells Plugged (2021): 0

Number of Wells Plugged (2020): 0

Asset Retirement Planning Description: **The two gas wells operated are (and have always been) for domestic use only. The operator is also the owner of the ranch where the wells are located. So long as the wells produce enough gas for heating and cooking at the ranch, the wells have a significant benefit to the surface owner. Once one of the wells is no longer capable of producing sufficient gas, it will be plugged, abandoned, and the location will be properly reclaimed to preserve the natural and wild character of the ranch property.**

Plugged Wells Have Not Passed Final Reclamation:

	Have Not Passed Final Reclamation	Were Covered by Financial Assurance in Previous FA Plan
Reported Plugged (RP) Wells:	0	0
Dry & Abandoned (DA) Wells:	0	0
Plugged & Abandoned (PA) Wells:	0	0
TOTAL:	0	0

FA Types & Bond Riders

Self-Bond: ☒

Is Operator's financial assurance partially or entirely provided through one or more bond riders?: **NO**

Plan Options

Financial Assurance for Wells Option 5

Operator's Demonstrated Costs

TVD <= 4,000 ft:

\$ 20,000.00

TVD > 4,000 & <= 8,000 ft:

\$ 0.00

TVD > 8,000 ft:

\$ 0.00

Location Reclamation Cost:

\$ 53,230.08

Operator chooses to use their Demonstrated Costs for Single Well Financial Assurance (SWFA): ☒

Total Number of Wells: 2

Number of Transferred Low Producing Wells with SWFA: 0

Amount of SWFA for Transferred Low Producing Wells: \$0.00

Amount of SWFA for Low Producing Wells using Operator's Demonstrated Costs: \$0.00

Number of Out of Service Wells with SWFA: 0

Amount of SWFA for Out of Service Wells using ECMC Costs: \$0.00

Amount of SWFA for Out of Service Wells using Operator's Demonstrated Costs: \$0.00

Number of Out of Service Wells with Other Financial Assurance: 0

Amount of Other Financial Assurance for Out of Service Wells: \$0.00

Total amount of Financial Assurance based upon Well Status and Well Designation: \$73,230.08

Describe the circumstances under which the Director will collect Single Well Financial Assurance (SWFA) for future Low Producing Wells: **The operator, who is also the property owner of the ranch where the two gas wells are located, operates the wells for domestic use only to provide fuel for heating and cooking at their ranch. As long as the wells produce sufficient gas for heating and cooking, the wells are incredibly economic to the operator/ranch owner.**

Applicable Option from Rules 702.c.(1)–(4) based on the Operator's average daily per-Well production: **Option 4**

The Financial Assurance that would be required for the Operator's Low Producing Wells if the Operator pursued a Financial Assurance Plan per the Option above: **\$0.00**

Total Financial Assurance for Wells: **\$73,230.08**

Provide the Operator's justification for not pursuing a Financial Assurance Plan based on the criteria in Rules 702.c.(1)–(4) in the space below. NOTE: If this space is not adequate, please provide this information in an attachment.: **Operator is the owner of the ranch where these two domestic-use only gas wells are located, and Operator does not own or operate any commercial wells, nor has any intent to do so. The gas from the wells is used for heating and cooking at the ranch. So long as the wells produce enough gas to heat and cook, they are very valuable to the Operator/ranch. Requiring the operator/ranch owner to post the default amount and type of financial assurance is incredibly burdensome given the Operator's critical need for the gas for heating and cooking.**

Describe the following in the space below: the operator's financial condition or circumstances, the operator's history of compliance (especially compliance with well integrity requirements and timely payment of royalties), the lack of any adjudicated major violations under Rule 525.c in the three years immediately preceding the Option 5 application, and the operator's plugging and abandonment activities. NOTE: If this space is not adequate, please provide this information in an attachment.: **The Operator, a Delaware LLC registered to do business in Colorado, purchased the 5700 acre working mountain ranch that the wells provide gas to for heating and cooking in March 2022 as an investment. The Operator has a balance sheet reflecting equity at least twenty (20) times the total amount of all anticipated P&A and reclamation costs. The gas is not sold, but the Ranch is used for**

ranching, grazing, hunting, and fishing activities, primarily. Operator has considerable equity in the Ranch, which is anticipated to increase considerably over time. Operator owns the minerals and has no royalty obligations. Since purchasing the Ranch, Operator has closed a historic pit that predated their ownership in accordance with ECMC Rules and Regulations, and has performed integrity testing of its gas lines and flowline.

Other Financial Assurance

Number of Centralized E&P Waste Management Facilities with Financial Assurance: **0**

Amount of Financial Assurance for Centralized E&P Waste Management Facilities: **\$0.00**

Number of Remediation Projects with Financial Assurance: **0**

Amount of Financial Assurance for Remediation Projects: **\$0.00**

Amount of Blanket Financial Assurance for Seismic Operations: **\$0.00**

Number of Gas Gathering, Gas Processing, and Underground Gas Storage Facilities: **0**

Amount of Financial Assurance for Gas Gathering, Gas Processing, and Underground Gas Storage Facilities: **\$0.00**

Number of Produced Water Transfer Systems: **0**

Amount of Financial Assurance for Produced Water Transfer Systems: **\$0.00**

Number of Commercial Disposal Facilities: **0**

Amount of Financial Assurance for Commercial Disposal Facilities: **\$0.00**

Amount of Statewide Blanket Surface Owner Protection Bond: **\$0.00**

Number of Individual Surface Owner Protection Bonds: **0**

Total Amount of Individual Surface Owner Protection Bonds: **\$0.00**

Operator's Financial Assurance Summary

Amount of Financial Assurance Required per Rule 702: **\$73,230.08**

Amount of Financial Assurance Required per Rule 703: **\$0.00**

Amount of Financial Assurance Required per Rule 704: **\$0.00**

Total Amount of Financial Assurance the Operator will provide to the Commission no later than 90 days from the Commission's approval of the Financial Assurance Plan: **\$73,230.08**

Attachments

Attached Files:

Doc Num	Attachment name	File name	Uploaded
403550204	CERTIFICATION OF FINANCIAL CAPABILITY	C-Application.pdf	10/04/2023 02:48:54 PM
403550208	SUPPORTING EVIDENCE FOR DEMONSTRATED COSTS	I-Application.pdf	10/04/2023 02:51:36 PM
403552179	CERTIFICATION OF FINANCIAL CAPABILITY	Financial Position Affidavit.pdf	10/05/2023 07:42:14 PM
403552180	OPTION 5 JUSTIFICATION	Option 5 Affidavit.pdf	10/05/2023 07:42:47 PM
403552181	ASSET RETIREMENT PLANNING	Asset Retirement Affidavit.pdf	10/05/2023 07:43:01 PM

Signature and Certification

Form Created: **10/3/2023**

I hereby certify all statements made on this form are, to the best of my knowledge at the time of submittal, true, correct, and complete.

Operator Comments:

Name: **Joel Johnston**

Title: **Attorney**

Email: **jjohnston@hallestill.com**

Phone: **(303) 607-5449**

Signature:



Associated Documents

403552182 - FORM 3 WELL LIST

403552183 - FORM 3 INACTIVE WELLS

403552184 - FORM 3 OTHER FINANCIAL ASSURANCE

403552185 - FORM 3 PLUGGED WELLS HAVE NOT PASSED FINAL RECLAMATION

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Jared S. Polis, Governor | Julie Murphy, Director | Scott Cuthbertson, Deputy Director Operations

