

STATE OF
COLORADO

Lyon - DNR, Corinna <corinna.lyon@state.co.us>

Piceance Creek Ranch LLC - Financial Assurance Plan

Joel Johnston <jjohnston@hallestill.com>

Wed, Jan 3, 2024 at 8:23 PM

To: "Cuthbertson - DNR, Scott" <scott.cuthbertson@state.co.us>, Mac Penman <mac.penman@andisil.com>

Cc: Corinna Lyon - DNR <corinna.lyon@state.co.us>, Kip Hunter <khunter@hallestill.com>

Hello Scott,

Thank you again for providing this information. As you may recall, our client opted to pursue the Option 5 due to the very unique circumstances surrounding the Ranch, the domestic use (only) nature of the two wells, and other relevant factors (including their solid balance sheet which is not at all dependent on energy prices). As such, we were pursuing using demonstrated wealth of the Ranch itself (the Operator) as alternative financial assurance, and were also seeking a variance regarding the requirement for audited statements by a 3d party.

That being said, after discussions with my client, and the risk we end up in the same place we would under the Option 5 hearing path, **I've been advised by my client to request that you amend Piceance Creek Ranch, LLC's Form 3 from an Option 5 application to an Option 4 application.** One request I do have, however, are either answers to the following, or please direct me to the best person to ask (and thank you very much):

- Prior Operator still has two \$10K bonds in place for these two wells (new/current Operator also has two \$10K, as discussed below). When can the former Operator apply to have those released? Would that be upon the Form 3 – Option 4 being approved, or at another time?
- The current Operator has two \$10K/well (\$20k total) bonds in place – am I understanding you correctly that within 90 days of the Form 4 approval, a 10% payment would be due, and those bonds could be applied against bond payments arising annually until the \$20K is fully allocated, or did I not understand correctly?

Thanks, Scott, and let us know if there are any questions. I'd also appreciate confirmation you received this due to the nature of the request. Thanks again,

Joel

Joel Johnston
Shareholder

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