

From: [Maxwell Blair](#)
To: [Deborah Bracey - DNR](#)
Cc: [Hans Schuster](#); Phxresources@aol.com
Subject: Re: Form 9 Transfer: Phoenix Resources LLC #403025649 to GMT Exploration Company LLC #403036983
Date: Thursday, December 8, 2022 10:11:59 AM
Attachments: [11-30-22_State 35-13_Subsequent-RelatedIncidentsNotTransferred.xlsx](#)
[Subsequent-WellsFacilitiesTransferred.xlsx](#)
[12-08-22_Form9_subsequent Attestation signed.pdf](#)

Deb,

Please find the attached Attestation signed by both parties for the transfer of the State 35-13 well from Phoenix to GMT. This attestation references the correct document number.

I believe you have the updated spreadsheets now, but I've reattached them here. All of the incidents are being retained by the seller, and it is my understanding that they have all been addressed/resolved, but the paperwork needs to be updated.

GMT agrees to the following COA:

The Buying Operator must file a Form 3, Financial Assurance Plan, within 10 business days of Form 9 approval –OR– by the applicable deadline as described in the Notice to Operators, Delayed Deadline for Rule 702.b(1)A.i., whichever is later. Per Rule 702, Buyer will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission's approval of the Form 3, Financial Assurance Plan.

I hope this addresses all of the outstanding issues regarding the transaction. If not, please let me know.

Thank you for your help!

Maxwell

----- Forwarded message -----

From: **Deborah Bracey - DNR** <deborah.bracey@state.co.us>

Date: Mon, Nov 28, 2022 at 5:27 PM

Subject: Form 9 Transfer: Phoenix Resources LLC #403025649 to GMT Exploration Company LLC #403036983

To: <Phxresources@aol.com>, <hschuster@gmtexploration.com>



IRONSCALES couldn't recognize this email as this is the first time you received an email from this sender deborah.bracey@state.co.us

Good afternoon George and Dennis,

I have reviewed the above mentioned Form 9 Transfer and have noted the following issues.

Issue #1: The Subsequent Attestation references the Intent document number.

Solution #1: Please resubmit the Subsequent Attestation and reference the Subsequent document number 403036983. Please email me the revised attestation and I will upload it to the form.

Issue #2: There are two unaccounted for facilities that will need to be accounted for. There are as follows:

Location #320668

Pit with the same location number and Facility #114537

Solution #2: If these facilities are to be transferred to GMT Exploration, then please add these facilities to the Wells and Facilities Transferred list.

If these facilities are to be retained by Phoenix Resources, then the facilities need to be added to a Wells Facilities – Not Transferred list. In addition to the list, a Seller retains responsibility Attestation must be submitted.

Issue #3: After reviewing the status of the Form 9, we've identified 4 Field Inspections Reports (FIR) that were issued with corrective actions related to wells and facilities being transferred. These corrective actions may or may not have been resolved. FIRs with outstanding corrective actions are transferable items that must be accounted for in the Form 9 in one or more of the following ways. (Document #s: 673700617, 673702697, 673703986 & 688300841)

Solution #3: If the compliance responsibility for such an FIR transfers to the buyer include that FIR on a Related Incidents Transferred list.

If the compliance responsibility for such an FIR is retained by the seller include that FIR on a Related Incidents Not Transferred list and provide a Seller Retains Responsibility Attestation.

If the parties perform the research and determine that all corrective actions for a particular FIR have been resolved, that FIR does not need to be listed on the Form 9 but will be subject to Rule 218.d(1)D.iii.

Issue #4: There are also 3 Unaccounted for Unresolved NOAVs. Unresolved NOAV's are also transferrable items. (Document #s: 402283895, 402662232, 402875193)

Solution #4: If the compliance responsibility for the NOAV transfers to the buyer, include that NOAV on a Related Incidents Transferred list.

If the compliance responsibility for the NOAV is retained by the seller, include that NOAV on a Related Incidents Not Transferred list and provide a Seller Retains Responsibility Attestation.

Assuming the other Form 9 requirements are met, all Form 9s shall now be passed with the following two COAs:

The Buying Operator must file a Form 3, Financial Assurance Plan, within 10 business days of Form 9 approval –OR– by the applicable deadline as described in the Notice to Operators, Delayed Deadline for Rule 702.b(1)A.i., whichever is later. Per Rule 702, Buyer will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission’s approval of the Form 3, Financial Assurance Plan.

The Selling Operator must file a Form 3, Financial Assurance Plan within 10 business days of Form 9 approval –OR– by the applicable deadline as described in the Notice to Operators, Delayed Deadline for Rule 702.b(1)A.i., whichever is later. Per Rule 702, Seller will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission’s approval of the Form 3, Financial Assurance Plan.

Both operators need to respond to this email and state that they will abide by the Conditions of Approval.

If either operator has submitted their Form 3 Financial Assurance Plan, they will need to include the following comment when they resubmit their Form 3.

This Form 3 Document # ____ is submitted as a result of an approved Form 9 Transfer of Operatorship and it replaces Form 3 document # ____.

Please let me know if you have any questions.

Have a nice evening,

Deb

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Maxwell Blair
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