



Prospect Energy, LLC
1036 Country Club Estates Dr.
Castle Rock, CO 80108

August 29, 2019

Dear City Council Members,

I'm Ward Giltner, the owner and Operator of the Fort Collins Field. I understand that there is a September Work Session that will address SB181 and other Oil and Gas issues.

I wanted to introduce myself and our company to those of you that don't already know us. I'm a Colorado native and was born and raised in Fort Collins, my high school years were spent living very close to the field. After graduating from Poudre H.S., I went to school in Greeley at UNC and started my career with Texaco in Denver in 1983. After a successful career with Texaco, I elected early retirement and started out on my own. I've been involved in managing the Fort Collins field since 2009, and am most proud of being selected from a field of hundreds of operators in Colorado as the COGCC's Environmental and Protection Operator of the Year. In addition, we have developed a great relationship with the Hearthfire neighborhood and are developing healthy relationships with the Waters Edge and Country Club Reserves developments, as well as with the City's LGD (Cassie Archuleta).

To give you some background on the Fort Collins field's history, it was discovered in 1924 and is one of the oldest discoveries in Colorado's long history of oil and gas development. As the city of Fort Collins continues to grow and expand, housing developments have encroached on the farmland that was once home to the field and appears likely to continue. Although it is more difficult to operate in a more urban environment, we have made it a priority to be good neighbors to those that have moved into the field. We plan to continue to do so and feel that this mutual cooperation that currently exists with the various neighborhoods, but can be a model for success in dealing with the City of Fort Collins as the changes related to SB181 unfold. As an example of our commitment, we just went through a major repair and maintenance program that included replacing all of our water tanks for the injection system as well as doing significant well repairs in preparation of our upcoming Codell development program.

You might not be aware, but we are in the process of developing the Codell formation within the Fort Collins field. Currently, the vast majority of the oil produced in the field is coming from the Muddy formation. However, we feel that there are many mutual benefits to developing the Codell, which will allow for the Muddy zones to be permanently abandoned. Upon abandonment, we will eliminate the need for the Water Treatment plant in the Fort Collins yard as well as all of the high pressure water injection lines located throughout the field, including existing neighborhoods. In addition, the Codell doesn't contain any H₂S in the oil, gas and water; so from an environmental standpoint this is great news for the field. Lastly, due the insignificant amount of gas that is produced from the field currently, we are burning all excess gas through Thermal Oxidizers that destroy 99% of the methane emissions. This is a great option to flaring, however, with the increased gas volumes produced from the Codell formation, we will have a 3rd Party company contracted on site to convert this gas to electricity. Initially, this electricity will be used to power Super Computers, for cloud based storage and other uses and eventually will be sold back into the grid.

I understand that there have been some discussions around imposing Moratoriums, etc., that could limit or ban development within the city. However, I would strongly encourage the City not to embark on this path. As mentioned, the environmental benefits associated with future Codell development justifies that these minerals be developed. In addition, City Council should be cognizant that these wells were here long before the City annexed them and then allowed development to encroach on the field. The mineral rights owned by our company and the many mineral owners that rely on the royalty payments derived from their ownership in the field must be preserved, especially given the unusual circumstances that have arisen to get us to this point.



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We feel that the best step forward is to continue pursuing a cooperative approach that encompasses Best Management Practices and meaningful dialogue to ensure that the minerals are developed in a manner that protects public health, safety, welfare, the environment and wildlife resources. We're excited to working with the City, with a goal of obtaining your trust and confidence as we have done with our current neighbors.

If you have any questions, or want any additional information, please let me know. Please see my contact information below.

Sincerely yours,

Ward Giltner

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