



April 22, 2019

Mr. Thomas G. Foley, Jr.  
Foley Bezek Behle & Curtis LLP  
15 W. Carrillo St.  
Santa Barbara, CA 93101

***Re: PDC Energy, Inc., Rockies Region 2006 LP, and Rockies Region 2007 LP Financial Analyses***

Dear Mr. Foley:

I have been retained by Foley Bezek Behle & Curtis LLP<sup>1</sup> ("Counsel") to render opinions for the following case:

*CASE NO. 18-33513- ROCKIES REGION 2006 LIMITED PARTNERSHIP and ROCKIES REGION 2007 LIMITED PARTNERSHIP, DEBTORS, CHAPTER 11*

Specifically, I have been asked to analyze the following points:

1. Whether PDC Energy, Inc. ("PDC," or the "GP") was solvent on October 30, 2018 (the "Bankruptcy Date"). This is the date that the Rockies Region 2006 LP ("RR 2006 LP") and Rockies Region 2007 LP ("RR 2007 LP"), collectively the "Partnerships," were put into bankruptcy (PDC was the General Partner of both).
2. Whether the RR 2006 LP was solvent on the Bankruptcy Date.
3. Whether the RR 2007 LP was solvent on the Bankruptcy Date.
4. To calculate PDC's marginal profits for a single barrel of oil equivalent ("BOE") produced from the Wattenberg oilfield from PDC wells as compared to each of the Partnerships' wells.
5. To analyze the potential profitability of each partnership considering PDC's lease operating expenses per BOE applied to production from the Partnerships.

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<sup>1</sup> The retention was entered into by Valuescope to enable me to render this opinion.

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I received a Bachelor of Science Degree in Petroleum Engineering and a Master of Business Administration, both from the University of Texas at Austin. I am both a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the State of Texas. Over my thirty-year professional career, I have provided financial analyses, business and asset valuation, and litigation support with a concentration in the energy sector. A current copy of my curriculum vitae is attached as Exhibit 1 to this report.

A list of the documents I have reviewed and relied upon is attached as Exhibit 2 to this report. Exhibit 3 contains the schedules detailing the analyses which support my conclusions.

## **1. PDC's Solvency**

Although I am not offering a legal opinion, per my discussions with Counsel, I understand the following points apply to the consideration of solvency:

### **U.S. Bankruptcy Code Section 101**

#### Definitions

(32) The term "insolvent" means—

(A) with reference to an entity other than a partnership and a municipality, financial condition such that the sum of such entity's debts is greater than all of such entity's property, at a fair valuation, exclusive of—

- (i) property transferred, concealed, or removed with intent to hinder, delay, or defraud such entity's creditors; and
- (ii) property that may be exempted from property of the estate under section 522 of this title;

(B) with reference to a partnership, financial condition such that the sum of such partnership's debts is greater than the aggregate of, at a fair valuation—

- (i) all of such partnership's property, exclusive of property of the kind specified in subparagraph (A)(i) of this paragraph; and
- (ii) the sum of the excess of the value of each general partner's nonpartnership property, exclusive of property of the kind specified in subparagraph (A) of this paragraph, over such partner's nonpartnership debts; and

(C) with reference to a municipality, financial condition such that the municipality is—

- (i) generally not paying its debts as they become due unless such debts are the subject of a bona fide dispute; or
- (ii) unable to pay its debts as they become due.

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Based on these factors, I have developed the following two tests for my solvency analyses for PDC, the RR 2006 LP, and the RR 2007 LP:

a. Balance Sheet Test

A corporate debtor is insolvent when the “sum of its debts is greater than all of its property, at a fair valuation.”<sup>2</sup> This is called the “balance sheet test” of insolvency.

b. Cash Flow Test

A debtor may be considered insolvent if, among other things, the debtor was unable to pay its debts as they came due (the “Cash Flow Test”).<sup>3</sup> This test is forward-looking, meaning it focuses on the debtor's expected ability to pay debts as they mature.

Test One: Balance Sheet Test

I began these analyses by considering the September 30, 2018 balance sheet for PDC.<sup>4</sup> The September 30, 2018 balance sheet best reflects PDC's financial position as of the Bankruptcy Date, using publicly available data.

As of September 30, 2018, on a book value basis, PDC's assets of \$4.6 billion exceeded its liabilities of \$2.3 billion (shown in Schedule B) by approximately \$2.3 billion. This indicates that PDC was solvent on a book value basis as of the Bankruptcy Date.

I also considered PDC's market value, as evidenced by its market capitalization as of October 30, 2018. In order to adjust PDC's book value of equity to a market value, an adjustment of \$425 million was required. This also indicates PDC was solvent as of the Bankruptcy Date.

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<sup>2</sup> 11 U.S.C. § 101(32)(A).

<sup>3</sup> I have not included an analysis of the debtors' intentions or beliefs mentioned in the statute.

<sup>4</sup> Schedule A.2

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### Test Two: Cash Flow Test

The Cash Flow Test considers the ability of PDC to fund its continuing operations and to meet its debt service obligations as they mature. PDC's various debts outstanding and maturity dates are shown in Schedule C and the table below (in \$000's).

Schedule of Debt Maturities					
	Issue Period	Maturity	Principal Amount	Net Amount, net of unamortized discounts/debt costs	Weighted Cost of Debt
1.125% Convertible Notes	September 2016	September 2021	\$200,000	\$172,419	0.17%
6.125% Senior Notes	September 2016	September 2024	\$400,000	\$394,165	2.08%
5.75% Senior Notes	November 2017	May 2026	\$600,000	\$593,149	2.94%

According to its September 30, 2018, financial statements, PDC was not in default on its senior debt securities.<sup>5</sup> To assess PDC's ability to service future debt obligations, I developed a forecast for PDC based upon my review of analyst reports from Credit Suisse and Value Line as well as presentations and filings from PDC.<sup>6</sup>

As shown in the forecast's Statement of Cash Flows (Schedule D) and the following table (in \$000's), PDC is forecasted to generate significant positive cash flow after servicing the debt amounts due.

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<sup>5</sup> PDC Energy, Inc. Q3 2018 10-Q, page 118

<sup>6</sup> Credit Suisse analyst report for PDC Energy, Inc, dated February 28, 2019; Value Line analyst report for PDC Energy, Inc, dated August 31, 2018; PDC Goldman Sachs Conference January 7, 2019; PDC IPAA - Ogis New York Conference April 8, 2019

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	2018	2019	2020	2021
<b><u>Statement Of Cash Flows</u></b>				
<u>Operations</u>				
Net Income		\$133,538	\$235,817	\$301,458
Depreciation		735,000	840,000	900,000
Dec (Inc) In Other Current Assets		(5,461)	(5,570)	(5,682)
Inc (Dec) In Accounts Payable		3,637	3,710	3,784
Inc (Dec) In Other Current Liabilities		5,183	5,287	5,392
Cash From Operations		846,897	954,243	1,304,952
<u>Investments</u>				
Capital Expenditures, Net		(849,000)	(886,000)	(994,000)
<u>Financing</u>				
New Debt		0	0	0
Debt Retirements		0	0	(200,000)
Common Dividends		0	0	0
Change In Common Stock		0	0	0
Cash From Financing Activities		0	0	(200,000)
Change In Cash		(2,103)	68,243	110,952

PDC's forecasted ability to fund its operations and obligations is supported by forecasted cash flows from operations of \$847 million in 2019, \$954 million in 2020, and \$1.3 billion in 2021.

After consideration of the Cash Flow Test, PDC was solvent as of October 30, 2018.

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## 2. RR 2006 LP Solvency

In addition to determining PDC's solvency, I was also asked to determine whether the RR 2006 LP was solvent as of the Bankruptcy Date, including the fair value of the GP's equity. From a book value basis, as shown in Schedule F.1, Form 206 showed the RR 2006 LP's liabilities exceeded its assets, with a negative equity value of \$2.7 million.

However, if the RR 2006 LP were analyzed including the fair value of the GP's equity (defined as sum of the excess of the value of the GP's nonpartnership property over and above the GP's nonpartnership debts), the RR 2006 LP's assets exceed its liabilities by more than \$2.7 billion.

	Balance Sheets		
	RR 2006 Book Value	Adjustment - GP Value	RR 2006 Adjusted Value
<b>Current Assets</b>			
Cash & cash equivalents	\$921		\$921
Accounts receivable, net	-		-
<b>Total Current Assets</b>	921	-	921
Fixed assets, net	304,000		304,000
PDC'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Assets</b>	\$304,921	\$2,767,146,872	\$2,767,451,793
<b>Current Liabilities</b>			
Accounts payable	\$0		\$0
Plugging + abandonment liabilities	1,656,000		1,656,000
Other operating expenses/advances	1,379,239		1,379,239
<b>Total Current Liabilities</b>	3,035,239	-	3,035,239
Other long-term liabilities	-		-
<b>Total Liabilities</b>	3,035,239	-	3,035,239
Equity	(2,730,318)		(2,730,318)
Addition of GP'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Equity</b>	(2,730,318)	2,767,146,872	2,764,416,554
<b>Total Liabilities &amp; Equity</b>	\$304,921	\$2,767,146,872	\$2,767,451,793

Given the analyses and assumptions outlined above, the RR 2006 LP was considered solvent on October 30, 2018 and remains solvent as of the date of this report.<sup>7</sup>

<sup>7</sup> The Partnerships' joint plan of reorganization (the "Plan") contemplates PDC's payment of \$5.28 million for distribution to limited partners for release of the limited partners' asserted direct claims against PDC in a lawsuit pending in Denver, Colorado (\$2.36 million to the RR 2006 limited partners; \$2.29 million to the RR 2007 limited partners). This lawsuit also asserts derivative claims on behalf of the Partnerships against PDC. If these amounts are determined by the bankruptcy

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### 3. RR 2007 LP Solvency

I was also asked to determine whether the RR 2007 LP was solvent as of the Bankruptcy Date. On a book value basis, as shown in Schedule F.2, Form 206 showed the RR 2007 LP's liabilities exceeding its assets, indicating a negative equity value of \$1.3 million.

However, if the RR 2007 LP were analyzed including the fair value of the GP's equity (defined as sum of the excess of the value of the GP's nonpartnership property over and above the GP's nonpartnership debts), the RR 2007 LP's assets exceed its liabilities by more than \$2.7 billion.

	Balance Sheets		
	RR 2007 Book Value	Adjustment - GP Value	RR 2007 Adjusted Value
<b>Current Assets</b>			
Cash & cash equivalents	\$58,558		\$58,558
Accounts receivable, net	12,577		12,577
<b>Total Current Assets</b>	71,135	-	71,135
Fixed assets, net	458,000		458,000
PDC'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Assets</b>	<u>\$529,135</u>	<u>\$2,767,146,872</u>	<u>\$2,767,676,007</u>
<b>Current Liabilities</b>			
Accounts payable	\$0		\$0
Plugging + abandonment liabilities	1,879,000		1,879,000
Other operating expenses/advances	-		-
<b>Total Current Liabilities</b>	1,879,000	-	1,879,000
Other long-term liabilities	-		-
<b>Total Liabilities</b>	1,879,000	-	1,879,000
Equity	(1,349,865)		(1,349,865)
Addition of GP'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Equity</b>	<u>(1,349,865)</u>	<u>2,767,146,872</u>	<u>2,765,797,007</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$529,135</u>	<u>\$2,767,146,872</u>	<u>\$2,767,676,007</u>

Given the analyses and assumptions outlined above, the RR 2007 LP was considered solvent as of October 30, 2018 and remains solvent as of the date of this report.<sup>8</sup>

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court to constitute payment in settlement of the Partnerships' derivative claims, they would be expected to make both partnerships solvent, irrespective of PDC's equity or solvency.

<sup>8</sup> Ibid.

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#### 4. Marginal Profit Comparison per Barrel

I understand that PDC realizes 100% of the marginal profits from production of PDC's horizontal wells in the Wattenberg field and 37% of the profits from the Partnerships' oil and gas operations. As shown below and in Schedule G, PDC would realize a marginal profit of \$31.54 per BOE from its horizontal wells (which were drilled in what the plaintiffs in the Dufresne Action maintain are Partnership prospects, spacing units, or leases).

In comparison, PDC currently realizes a marginal profit per BOE of only \$3.12 from the RR 2007 LP and a marginal loss of \$8.82 from the RR 2006 LP.

This analysis is shown in Schedule G and the chart below.

	<b>PDC - Wattenberg</b>	<b>Rockies Region 2006 LP</b>	<b>Rockies Region 2007 LP</b>
	<b>For the Nine Months Ended: 30-Sep-18</b>	<b>For the Nine Months Ended: 30-Sep-18</b>	<b>For the Nine Months Ended: 30-Sep-18</b>
<b>Marginal Profit Per BoE</b>			
Average sales price	\$34.65	\$35.75	\$30.32
less: lease operating expenses	(\$3.11)	(\$59.59)	(\$21.89)
<b>Marginal Profit Per BoE</b>	<b>\$31.54</b>	<b>-\$23.84</b>	<b>\$8.43</b>
PDC Interest	100%	37%	37%
<b>Net Proceeds To PDC per BoE Produced</b>	<b>\$31.54</b>	<b>-\$8.82</b>	<b>\$3.12</b>

The calculations above demonstrate that PDC and its shareholders benefit significantly from PDC producing hydrocarbons from its wells in this field, as compared to production from the Partnerships.



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### **5. RR 2006 and RR 2007 LPs Partnerships Marginal Profits Adjusted for PDC's Reported Lease Operating Expenses**

I was also asked to develop an analysis to calculate the marginal profit per BOE for the Partnership's production, assuming that PDC charged the Partnerships its reported lease operating expenses per BOE.

#### PDC's Lease Operating Expenses

Based on the publicly available data for the nine months ended September 30, 2018, PDC realized an average sales price of \$34.65 per BOE and lease operating expenses of \$3.11 per BOE (less than 9% of the average sales price) for its production from the Wattenberg, resulting in marginal profits for PDC of \$31.54 per BOE.

#### RR 2006 LP Lease Operating Expenses

PDC was the operator for the RR 2006 LP wells. Sales from these wells realized an average sales price of \$35.75 per BOE; however, the lease operating expenses charged by PDC to the partnership were \$59.59 per BOE. This lease operating expense per BOE was 19 times higher than PDC's lease operating expenses per BOE for its own wells. This resulted in a marginal loss per BOE of \$23.84 for the RR 2006 LP.

#### RR 2007 LP Lease Operating Expenses

PDC was also the operator for the RR 2007 LP wells. Sales from these wells realized an average sales price of \$30.32 per BOE and the lease operating expenses charged by PDC to the partnership were \$21.89 per BOE. The lease operating expense was seven times higher than PDC's lease operating expenses per BOE for its wells. This resulted in a marginal profit per BOE of \$8.43 for the RR 2007 LP.

As a sensitivity analysis for the Court's consideration, I substituted PDC's lease operating expense rate per BOE, for the lease operating expenses of each Partnership (Schedules H.2 and H.3). Had PDC charged the Partnership with lease operating expenses equal to PDC's reported lease operating expenses in the Wattenberg field, the Partnerships would have realized the following marginal profits per BOE:

- RR 2006 LP: \$32.64 per BOE
- RR 2007 LP: \$27.21 per BOE

This level of marginal profits would have enabled the avoidance, or at least delay, of the Partnerships' bankruptcy filings in October 2018.

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## **Conclusions**

My conclusions are outlined below:

1. PDC was solvent on October 30, 2018,
2. The RR 2006 LP was solvent on the Bankruptcy Date (considering the value of the claims and the value of the GP, PDC),
3. The RR 2007 LP was solvent on the Bankruptcy Date (considering the value of the claims and the value of the GP, PDC),
4. PDC realized a significantly higher marginal profit in producing one BOE from its wells in the Wattenberg, as compared to PDC's profit realized from a single BOE produced by the Partnerships in which PDC had only a 37% interest,
5. Had PDC charged to the Partnerships lease operating expenses in line with its own lease operating expenses in the Wattenberg, on a dollars per BOE basis, the wells in the Partnership would have been much more profitable for the limited partners.

I understand that depositions of Karen Nicolaou and certain witnesses from PDC will be taken subsequent to the issuance of this report. Therefore, I reserve the right to comment on the ability of the Partnerships to be liquidated outside of bankruptcy as well as update my analyses and opinions upon reviewing such depositions and any other additional relevant information that I may receive.

In performing my analyses, I used various financial and other information provided by private and public sources. I relied on the accuracy and completeness of that information. I have not been engaged to compile, review, or examine such information in accordance with standards established by the American Institute of Certified Public Accountants. Accordingly, I do not express an opinion or any other form of assurance therein.

I am independent of PDC Energy, Inc. and the Rockies Region 2006 and 2007 limited Partnerships. I have no current or prospective economic interest in the assets or entities involved in this matter. My agreement with Foley Bezek Behle & Curtis LLP provides that ValueScope is to be compensated for my work on this matter as follows: \$485 per hour for my time, and between \$160-\$380 per hour for the time of any persons supporting my work on this matter. This compensation to ValueScope in no way influenced the results of my analysis.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'G. Scheig', written in a cursive style.

Gregory E. Scheig, CPA/ABV/CFF/CGMA, CFA, CEIV

Principal

ValueScope, Inc.

**EXHIBIT 1**



**Gregory E. Scheig, CPA/ABV/CFF/CGMA, CFA, CEIV**

**Principal**

817-481-4997

[gscheig@valuescopeinc.com](mailto:gscheig@valuescopeinc.com)

**EMPLOYMENT HISTORY**

**September 2008 – Present**

**ValueScope, Inc.**

***Principal***

Joined the company as a principal to provide valuation, expert testimony, and financial advisory services.

**July 2008 – September 2008**

**Present Value Advisors, LLC**

***Principal***

Formed Present Value Advisors to provide valuation, litigation support, and financial advisory services. Projects included being a consulting expert in a bankruptcy matter and a contract arrangement with *Vitale, Caturano & Company, LTD* (a Boston-based accounting firm) to provide valuation-related financial review (SAS73 & SAS101) services primarily for biotech, high-tech and other development-stage businesses.

**July 2005 – June 2008**

**Kroll Associates, Inc.**

***Senior Director***

Performed valuation analyses for transactions, financial reporting, tax, and other management requirements, and provided expert testimony for litigation support. Key focus was in the Energy sector with larger clients.

**2002 – July 2005**

**CBIZ Valuation Group, LLC,**

***Managing Director – Southwest Region***

Ran the southwest region's valuation practice for approximately three and a half years. In that role, valued many types of businesses, business interests, and professional practices.

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**1997 – 2002**

**Deloitte Consulting**

***Senior Manager: Strategy Competency***

Led projects dealing with valuations, mergers and acquisition synergy analyses, real option analyses, strategic assessments, and complex regulatory issues. Served a wide variety of domestic and international clients, including companies in Canada, England, Republic of South Africa, Italy, Scotland, and Singapore.

**1988 – 1997**

**FINANCO, Inc.**

***Managing Associate***

Specialized in the financial modeling of electric, telecommunication, and gas utility systems. Additionally, developed utility merger and acquisition analyses, bankruptcy filings, regulatory testimony, and litigation support.

**1987 – 1988**

**Lamar Real Estate Services**

***Real Estate Analyst***

Concurrent with MBA program, worked for Lamar Savings and Loan developing cash flow analyses for their real estate owned (REO) portfolio.

## **FORMAL EDUCATION**

Master of Business Administration, Finance and Accounting  
The University of Texas Graduate School of Business, Austin, Texas

- Sord Scholar
- Dean's Award for Academic Excellence

Bachelor of Science, Petroleum Engineering

The University of Texas, Austin, Texas

- Pi Epsilon Tau (College of Engineering Honor Society)

## **ACCREDITATIONS AND DESIGNATIONS**

CFA – Chartered Financial Analyst (CFA Institute)

CPA – Certified Public Accountant (State Board of Public Accountancy, Texas)

ABV – Accredited in Business Valuation (AICPA)

CFF – Certified in Financial Forensics (AICPA)

CGMA – Chartered Global Management Accountant (AICPA)

CEIV – Certified in Entity and Intangible Valuations

## **ORGANIZATIONS AND PROFESSIONAL ASSOCIATIONS**

American Institute of Certified Public Accountants (AICPA)  
Texas Society of Certified Public Accountants  
CFA Institute  
CFA Society of Dallas/Fort Worth  
Appraisal Issues Task Force (AITF)  
American Society of Appraisers  
Society of Petroleum Engineers (SPE)  
Petroleum Engineers Club of Dallas – Board Member

## **LITIGATION SUPPORT / EXPERT WITNESS TESTIMONY**

### **Real Estate Matters**

### **Bankruptcy Matters**

*Horizontal Rentals, Inc., Case No. 18-51972-CAG-11, U.S. Bankruptcy Court for the Western District of Texas, San Antonio Division.* Retained by for Roger Warnke to analyze the value of patented technology and oilfield equipment fraudulently transferred for less than its Reasonably Equivalent Value. Expert testimony provided in San Antonio hearing.

*Christopher Moser, as Plan Trustee of Tango Transport, LLC et al. v. Navistar International Corp. et al., Case No. Civil Action No.- 4:17-cv-598, pending before the United States District Court for the Eastern District of Texas.* Retained by Counsel for Tango to Section 548(a) of the Bankruptcy Code to analyze the solvency of Tango to avoid a fraudulent transfer. The report also assessed whether Reasonably Equivalent Value had been received in the settlement of a lawsuit. Expert, rebuttal and supplemental reports submitted, deposition testimony provided.

*Correra Bankruptcy; Case #16-30728, U.S. Bankruptcy Court Records for the Northern District of Texas.* Retained by Mr. Correra to perform asset tracing services to validate and allocate funds set aside in several Individual Retirement Account balances. Expert report submitted, awaiting trial.

*Memorial Production Partners LP, et al., Debtors Chapter 11, Case No. 17-30262.* The United States Bankruptcy Court, Southern District of Texas, Houston Division. Retained by large shareholder to develop an enterprise value of MEMP. Case settled.

*Technology Container Corp Bankruptcy Case #4:15-bk-40339* The United States Bankruptcy Court for the District of Massachusetts. Retained as a consulting expert by the Creditor Committee's Counsel to review and assess financial plans and forecasts submitted by the debtor.

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*College Media Corporation v. Digital River, Inc., Digital River Education Services, Inc. and Journey Education Marketing, Inc.* The United States Bankruptcy Court for the Eastern District of Texas. Developed an analysis of the economic damages to College Media Corporation related to their allegations against Digital River and Journey Education Marketing. Expert report submitted. Case settled.

*Bankruptcy Valuation for Senior Lenders: Synventive Molding Solutions.* Retained to determine the enterprise values of the global operations and the European operations of Synventive, a company focused on automobile molding equipment. Analyses and draft reports prepared for counsel. Case settled.

*The IT Group, Inc., et al vs. Acres of Diamonds, Case No. 02-10118, Adv. Proc. No. 04-51311-PBL, et al.* The United States Bankruptcy Court for the District of Delaware. Retained to value a minority interest deemed a fraudulent transfer of a bankruptcy proceeding. Expert report submitted, deposition testimony provided. Case settled.

*Lodestar Energy, Inc., Lodestar Holdings, Inc. Debtors Chapter 11 Proceeding Case Nos. 01-50969 and 01-50972, Jointly Administered Under Case No. 01-50969.* The United States Bankruptcy Court, Eastern District of Kentucky, Lexington Division. Developed a solvency opinion of a coal mining company considering the balance sheet, capital adequacy and cash flow tests. Case settled.

*In Re Camp Cooley, Ltd., Case No. 0961311, Chapter 11.* The United States Bankruptcy Court for the Western District of Texas, Waco Division. Prepared a natural gas reserve valuation report for the debtor and developed a rebuttal report against the bank's expert. Deposition and courtroom testimony provided.

*Einstein/Noah Bagel Corp. and Einstein/Noah Bagel Partners, Case No. 00-04447-ECF-CGC and 00-04448-ECF-CGC.* The United States Bankruptcy Court for the District of Arizona. Deposition and trial testimony provided on a valuation analysis of the respective interests of Einstein/Noah Bagel Corp. and Einstein/Noah Bagel Partners based on their relative market values.

*Leesburg Asphalt Company, L.L.C., Case No. 01-39902-SAF-1.* The United States Bankruptcy Court for the Northern District of Texas, Dallas Division. Developed analyses of the debtor's workout plan and reasonableness of an alternative source of financing. Case settled.

*Glenn M. Darden et al. v. Thomas F. Darden, et al., Case No. 01-17-0003-3695*  
Retained to determine the economic damages and the appropriate discounts, if any, to apply to the economic damages. Expert report submitted, and arbitration testimony provided.



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*Weldon Glen McBride v Brian Ingram, Leighann Moseley and Keitha Lynn McBride.*

Retained to determine the value of an ownership interest in real estate development project. Case settled.

*FD Destiny, LLC vs. AVP Destiny, LLC, AVP Destiny, LLC vs Frederick A. Deluca.* Retained to develop an analysis of the economic damages to Land Company of Osceola County due to the claimed actions of Fred Deluca, a controlling partner. Expert report submitted, and deposition testimony provided. Case settled.

*Clay Partners FG Deerwood Glen, LP vs. the Flexitallic Group S.A.S. and Flexitallic, LP.* Retained to develop an analysis of the economic damages to Clay Partners following Flexitallic's repudiation of a lease agreement for three buildings in Deer Park, Texas. Expert report submitted. Deposition and trial testimony provided.

*Sharpstown Mall Texas, LLC vs. CCW, LLC.* Retained to develop an analysis of the economic damages to Sharpstown Mall given CCW's nonpayment of shared common area maintenance expenses. Expert report submitted. Case settled.

*Avalon Construction - Ruidoso, LLC vs. Mueller Company, Inc. and HD Supply Waterworks, Ltd.* Retained to develop an analysis of the economic damages to Avalon Construction related to foundation damage for a retail center caused by plumbing defects. Expert report submitted. Case settled.

*John W. Clanton, Fibertown DC, LLC and Managed Network Solutions, Inc. vs. Vance Swaggerty.* Retained to develop a valuation of three data centers located in Bryan-College Station Texas and Houston Texas. Appraisal report submitted, deposition and trial testimony provided.

*Charles E. Simmons and H. Kenneth Barrett, et. al. vs. Dan M. Moody, Jr. and John S. Moody, Jr., et. al.* Retained to develop an analysis of the economic damages to Dan Moody and the Moody Simmons Fund I, Ltd. in relation to a real estate development in Katy Texas. Expert report submitted, and deposition testimony provided.

### **Oil and Gas Matters**

*Memorial Production Partners LP, et al., Debtors Chapter 11, Case No. 17-30262.* The United States Bankruptcy Court, Southern District of Texas, Houston Division. Retained by large shareholder to develop an enterprise value of MEMP. Case settled.

*Gregory Imbruce and Glenrose Holdings, LLC v Cheryl Johnson and Levett Rockwood, P.C., Superior Court, Judicial District of Stamford Ct.* Retained to support the value of the common shares of Starboard Resources in a legal malpractice matter related to a previous case (retained by the former opposing counsel's firm). Expert report prepared and deposition testimony provided. Awaiting trial.

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*Ergon Asphalt & Emulsions, Inc. v Nustar Pipeline Operating Partnership, LP, Et Al.* Retained to develop an analysis of the economic damages to Ergon based on Nustar's alleged non-performance of an asphalt terminal lease agreement. Deposition testimony provided. Case settled.

*Michael O. Pickens v T. Boone Pickens, Jr.,* Dallas County District Court Cause No. DC-14-13103. Retained to calculate the value of shares of Primexx Energy Partners and NeoFirma Software in support of mediation. Subsequently requested to develop an expert and supplemental reports. Deposition testimony provided. Case settled.

*Gregory Imbruce, Giddings Investments LLC, Giddings GENPAR LLC, Hunton Oil, Asym Capital III LLC, Glenrose Holdings LLC, and Asym Energy Investments LLC v. Charles Henry III, et.al.,* American Arbitration Association Case No: 12 198 0058 13, Commercial Division. In this matter, I valued the common shares of Starboard Resources as of 2011, 2012, and 2014. The analysis also included determining the fair market value of Starboard's oil and gas reserves in a Stamford, CT trial. Three expert reports and a rebuttal report submitted, trial testimony provided.

*Crimson Exploration, Inc. and Crimson Exploration Operating, Inc. v. Allen Drilling Acquisition Company and ADAC II, Inc.* Reviewed and rebutted an accounting firm's adjustments made to Operator's invoices in a joint interest billing dispute in a Texas District Court matter. Rebuttal report submitted. Case settled.

*Diamond Offshore Company v. Survival Systems International, Inc.* Retained to develop an analysis of the economic damages to Diamond Offshore Company resulting from the installation of defective lifeboat hooks by Survival Systems, Inc. on certain offshore drilling rigs. Damage categories considered included original insurance settlement payments and prejudgment interest. Expert and rebuttal reports submitted, deposition testimony provided. Case settled.

*Noble Drilling Services, Inc. vs. Certex USA, Inc., Bridon-American Corp., and Bridon International, Ltd.,* Civil Case No. 4:09-cv-022825. Retained to calculate the economic damages related to anchor ropes that failed during a hurricane. Expert and rebuttal reports submitted, deposition testimony provided. Case settled.

*Anadarko Petroleum Corporation vs. Noble Drilling (U.S.) LLC,* Civil Case No. 4:10-cv-02185. Retained to develop an expert report on the economic damages related to an offshore drilling rig contract termination for a claimed *force majeure* event after a moratorium on drilling was declared in the Gulf of Mexico. Expert and rebuttal reports submitted, deposition testimony provided. Case settled.

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*613 Agro Holdings, L.L.C. v. Renick et al.* Retained to develop an expert report and rebuttal report on the value of oil and gas royalties in a Kansas District Court matter. Expert and rebuttal reports submitted and the case settled.

*Ringo Drilling, I, L.P. v. Victory Drilling, Inc., and Ira Glasser. Cause No. 11-1489.* Retained to develop an expert report on rebuttal arguments to Ringo Drilling's claimed damages in a lease transaction. Expert report submitted and the case settled.

*Joint Resources Company v. Banc of America Investment Services.* FINRA Dispute Resolution. Retained to develop an analysis of the lost profits incurred by Joint Resources Company when they invested in auction rate securities in 2008, preventing access to investment capital. The analysis included documentation of Joint Resources Company's investment model and the calculation of the lost profits from the missed opportunity. Expert report submitted and the case settled.

*Patriot Exploration LLC and Patriot Land LLC d/b/a JF Patriot Land, LLC v. Thompson & Knight LLP.* Retained to calculate the economic damages to Patriot resulting from not being able complete the sale of certain mineral interests due to alleged legal malpractice and defective title. Expert report submitted, deposition and courtroom testimony provided.

*HighMount Exploration and Production, LLC vs. Helmerich and Payne, Inc.* Retained to quantify the damages from a drilling rig contract dispute regarding lower "well cycle times" and cost savings not achieved. Expert and rebuttal reports submitted, deposition testimony provided. Case settled.

*Robert L. Kovar, Plaintiff vs. Platinum Energy Resources, Inc., Defendant.* Retained to quantify the damages related to a transaction dispute which required a valuation of Platinum Energy's stock and cash flow notes. Deposition and trial testimony provided.

*Matthew Van Steenwyk, The Matthew Van Steenwyk GST Trust, and the Matthew Van Steenwyk Issue Trust v. Scientific Drilling International, Inc., Donald Van Steenwyk Gene Durocher, Gordon Thomson, Barbara Helbach, Denis Bandera, and Van Steenwyk Holdings, LLC.* Retained to develop a valuation of an interest in Scientific Drilling International stock, a company that developed MWD (measurement while drilling) technologies. Expert report prepared for mediation. Case settled.

*Macquarie Bank Limited, Plaintiff vs. Bradley D. Knickel, LexMac Energy, L.P.* Retained to provide an affidavit to the court on SEC PV-10 Reserve Reporting and the risks associated with different classifications of hydrocarbon reserves.

*Questar Gas Management Company vs. Waukesha Engine Division of Dresser, Inc.; Stewart & Stevenson Power Products, LLC; Stewart & Stevenson Power, File No. 71 198 Y 00749 07, before the American Arbitration Association, Dallas Texas.* Retained to develop lost profits and

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economic damages analyses in a matter related to natural gas compression in the midstream sector. Analyses developed, deposition testimony provided. Case settled.

*The Arbitration of Anthony Abernethy vs. J. Bryan Sutherlin, Brad Sutherlin, Kevin Sutherlin, Culebra Oil & Gas Co., Culebra Oil & Gas, L.L.C.* Retained to value economic damages related to a minority ownership interest in an E&P company. Deposition and arbitration testimony provided.

### **Delaware Chancery Court**

*In the Court of Chancery of the State of Delaware, Kendall Hoyd and Silver Spur Capital Partners, LP v. Trussway Holdings, LLC.* Developed an appraisal of the fair value of Trussway Holdings, LLC in connection with a petition for appraisal of stock pursuant to Section 262 of Title 8 of the Delaware Code. Expert report and rebuttal reports submitted, testified in the Chancery Court in Georgetown, Delaware.

### **Contract/Partnership Disputes**

*Concepts, Ltd v Prestonwood Rehabilitation & Nursing Center, Inc. and Denton Rehabilitation & Nursing Center, Inc.* Retained to develop the range of economic damages, if any, incurred by Pharmacy Concepts in a contract dispute. Case settled.

*Pharmacy Concepts, Ltd v Prestonwood Rehabilitation & Nursing Center, Inc. and Denton Rehabilitation & Nursing Center, Inc.* Retained to develop the range of economic damages, if any, incurred by Pharmacy Concepts in a contract dispute. Case settled.

*N8 Medical, Inc. and N8 Medical, LLC and Brigham Young University and N8 Pharmaceuticals, Inc. v. Colgate-Palmolive Co.* Retained to develop risk-adjusted analyses in support of settlement negotiations following a previous expert's Daubert exclusion. Case settled.

*Highland Capital Management, L.P. and Cornerstone Healthcare Group Holding, Inc. v. Patrick Daugherty, Defendant and Counter-Plaintiff.* Retained to develop an analysis of the economic damages to Patrick Daugherty in relation to his equity compensation at the time of his resignation from Highland Capital. Expert and rebuttal reports submitted. Deposition and trial testimony provided.

*In the Matter of the Application of John C. Wright for the Dissolution of Hudson Valley Clean Energy, Inc.,* Supreme Court of the State of New York, County of Dutchess. Retained to determine the fair value of a minority interest in Hudson Valley Clean Energy for a shareholder oppression matter. Prepared an expert report and provided courtroom testimony in the Supreme Court of the State of New York.

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*Circle Zebra Fabricators, Ltd., David Croft, and Monte Guiles vs. Hydro-X, LLC and Stonehenge Capital Company, LLC.* Retained to develop an analysis of the economic damages to Circle Zebra resulting from the termination of a merger agreement. Expert report submitted, deposition testimony provided. The case settled in mediation.

*Precision Dialing Services, Inc. vs. Clear Channel Communications, Inc., Cause No. 02-01782, Critical Mass Media, Inc., Clear Channel Broadcasting, Inc., and Clear Channel Radio, Inc.* The District Court of Dallas County, Texas, 68<sup>th</sup> Judicial District. Retained to calculate economic damages related to the dissolution of a joint venture. Report submitted, deposition testimony provided. Case settled.

### **Regulated Utility Matters**

*EPCOR Water Company* rate case before the New Mexico Public Regulation Commission of Texas. Developed rate of return testimony, awaiting hearing.

*Double Diamond Utility Company, Inc.* rate case before the Public Utility Commission of Texas. Developed rebuttal analyses and testimony in support of the water utility's requested rate of return analysis. Testified at the SOAH proceeding.

*Energy West Montana, Inc.* rate case before the Montana Public Service Commission. Developed rate of return analyses and testimony in support of the utility's rate filing. Direct and rebuttal testimony filed, testified at Montana commission hearing.

*Cut Bank Gas Company* rate case before the Montana Public Service Commission. Developed rate return analyses and testimony in support of the utility's rate filing. Direct and rebuttal testimony filed, testified at Montana commission hearing.

*Sharyland Utilities, L.P.* rate case before the Texas Public Utilities Commission, PUC Docket No 45414. Developed rate of return analyses and testimony for an intervenor, St. Lawrence Cotton Growers Association. Case settled.

*Rio Concho Aviation, Inc.* rate case before the Texas Public Utilities Commission, PUC Docket No 45720. Developed rebuttal analyses and testimony in support of the water utility's requested rate of return analysis. Testified at the SOAH proceeding.

*Quadvest, LP* rate case before the Texas Public Utilities Commission. Provided rate of return analysis and an expert report for the water utility's cost of equity capital. Case settled.

*SWWC Utilities, Inc.* rate case before the Texas Commission on Environmental Quality. Provided rate of return analysis and testimony for this division of Southwest Water Company, a regulated water company.

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*Hughes Natural Gas, Inc.* rate case before the Texas Railroad Commission in Gas Utilities Docket No. 10083/10093. Provided rate of return analysis and direct testimony for Hughes Natural Gas, Inc., a regulated gas company. Testified at the Texas Railroad Commission hearing.

*Monarch Utilities I, L.P.* rate case before the Texas Commission on Environmental Quality. Provided rate of return analysis and testimony for Monarch Utilities I, L.P., a regulated water company. Rate case settled.

*Canyon Lake Water Service Company, SOAH Docket No. 582-11-1468, TCEQ No. 2010-1841-UCR.* Prepared rate of return testimony for Canyon Lake Water Service Company's rate case before the Texas Commission on Environmental Quality. Testified for the company, a regulated water company, in a SOAH proceeding.

*Global Water Resources, Inc. vs. Sierra Negra Ranch, LLC, AAA Case No. 76 198 Y 00104 11.* Retained to develop a solvency analysis and scenario analyses to assess Global Water Resources, Inc.'s future financial performance versus their need for capital and scheduled debt retirements. Expert and rebuttal reports submitted. Case settled.

*City of Blue Mound vs. Monarch Utilities I, LP.* Retained to consult Monarch's legal counsel on rebuttal arguments to the City's appraisal of the water system. The City's appraisal was to be considered by a panel in formulating an FMV offer to the utility for the water assets. Provided expert testimony at the proceeding and the panel subsequently recommended a value approximately twice the value suggested by the City's appraiser.

### **US Tax Court Matters**

*Duane Pankratz, et al., Petitioner(s), vs. Commissioner of Internal Revenue, Tax Court Docket No. 21255-13, 27239-13, U.S. Tax Court, Washington, DC.* Developed a valuation of the charitable contributions of Dr. Pankratz involving oil and gas partnership interests and real estate assets. Developed analyses and an expert. Testified in US Tax Court, St. Paul, Minn.

*TranSupport, Inc. vs. Commissioner of Internal Revenue, Tax Court Docket No. 12152-13, U.S. Tax Court, Boston, Mass.* Developed a reasonable compensation analysis, expert, and rebuttal reports for company personnel in the aircraft industry. Testified in US Tax Court, Washington, DC.

*Salty Brine I, Ltd. by and through, Salty Brine, Inc., Tax Matters Partner, vs. United States of America, United States District Court, Northern District of Texas, Abilene Division, Case No.: 5:10-CV-00108-C.* Developed an expert report on an off-shore royalty transfer and the use of business protection insurance policies for tax avoidance. Provided deposition and trial testimony.

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*Mason & Mason Technology Insurance Services, Inc. vs. Commissioner*, Tax Court Docket No. 12045-09. Developed an analysis of reasonable compensation for the owner of an insurance brokerage. Case settled.

*Garwood Irrigation Company vs. Commissioner*, Tax Court Docket No. 001459-03. U.S. Tax Court, Houston, Texas. Developed a valuation and rebuttal report and provided expert testimony on the valuation of an irrigation company and its water rights.

### **Forensic Accounting**

*Correra Bankruptcy; Case #16-30728, U.S. Bankruptcy Court Records for the Northern District of Texas*. Retained by Mr. Correra to perform asset tracing services to validate and allocate funds set aside in several Individual Retirement Account balances. Expert report prepared, awaiting trial.

*In the Matter of the Marriage of John Wesley Bryan and Kimberly Lee Bryan; In the 324th Judicial District Court of Tarrant County, Texas*; Retained jointly by Husband to perform asset tracing services and to determine the value of the Community Estate. Expert report prepared, case settled.

*In the Matter of the Marriage of Michele L. Jones and Gregory G. Jones and in the Interest of Jacob Jones and Preston Jones, Children, Cause No. 360-596303-16*; Retained jointly by Husband and Wife to determine the value of the Community Estate. Expert report prepared, case settled.

### **Family Law, Employment Law and Other**

*In the Matter of the Marriage of Maria Sarah Pinto-Evans and Joseph Paul Evans, Cause No. 231-626561-17*; Jointly retained to develop a valuation of Landmark Mortgage. Expert report prepared, awaiting trial.

*In the Matter of the Marriage of John Wesley Bryan and Kimberly Lee Bryan, Cause No. 324-623038-17*; Retained by Husband to determine the value of the Community Estate, supported by forensic analyses and asset tracing. Expert report prepared, case settled.

*Heather Carson v. Janine Lewis, Stefanie Nielson, and Lewis, Nielson & Associates, L.L.C. d/b/a Elan Partners*. Retained to develop a valuation analysis of former managing partner's capital account in support of buy-out negotiations. Expert report prepared, case settled.

*Stephen Akin vs. W. R. Starkey Mortgage, LLP*. Retained to develop a valuation of Starkey Mortgage to buy-out the former CEO at Fair Market Value of his ownership. Expert report prepared, case settled.

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*In the Matter of the Marriage of Michele L. Jones and Gregory G. Jones and in the Interest of Jacob Jones and Preston Jones, Children, Cause No. 360-596303-16;* Retained jointly by Husband and Wife to determine the value of the Community Estate. Expert report prepared, case settled.

*Jerry Blackburn, Gustavo Frafa, and William South v. Small Business Insurance Advisors, f/k/a USCare Marketing, Inc.* Retained by the SBIA in a matter involving three agents suing SBIA over its insurance product offerings to agents that were independent, as opposed to being captive. Developed an expert report and testified at the arbitration.

*In the Matter of the Marriage of Rebecca L. Ginn and Lonnie James Ginn, Cause No. 325-520240-12.* The District Court of Tarrant County, Texas, 325<sup>th</sup> Judicial District. Retained to develop a valuation of interests in Aspen Scientific I, LP, Aspen Scientific, Inc., Physician Assistant Services of Texas, LLP, and Texas Physician Assistant Surgical Service, PC. Expert report submitted. Case settled.

*Progressive Child Care Systems, Inc. vs. Legacy Village Limited Partnership; Legacy Village One, L.C.; Spy, Inc.; Legacy Village Associates, Ltd., Texas Family Fitness 2, LLC, SC Legacy Independence, Ltd., SC Legacy Independence One, LLC, and L&B Realty Acquisitions, LLC., Cause No. 401-01220-2012.* Retained to develop a valuation of Texas Family Fitness center in Plano, TX. Expert report submitted, case settled.

*In the Matter of the Marriage of Patricia A. Bliss and David P. Bliss, Jr., Cause No. 324-444231-08.* The District Court of Tarrant County, Texas, 324<sup>th</sup> Judicial District. Retained to develop a valuation of an interest in Pediatric Surgical Associates of Fort Worth, P.A. Expert report submitted, testimony provided.

*Deirdre Worley, Individually and as Representative of the Estate of Richard Dale Worley, Dr., and Richard Dale Worley, II, Individually vs. Contract Transportation Systems Co., The Sherwin-Williams Company, and Francisco Sanchez, Jr., Individually.* Retained to develop an analysis and expert report on the loss of inheritance for Mr. Worley's estate. Deposition and jury trial testimony provided.

*Charles Pankey vs. Texas Department of Health, Civil Action No. A 02 CA 284 H.* The United States District Court, Western District of Texas, Austin Division. Case dealt with issue of wrongful termination. Prepared a rebuttal analysis of opposing expert's damage report. Case settled.

*Jack Holmes vs. Frank Mayborn Enterprises, Inc. d/b/a Killeen Daily Herald, Case No. 188041-C.* The District Court of Bell County, Texas, 169<sup>th</sup> Judicial District. Developed an economic damage analysis and report for an attorney that the newspaper incorrectly reported as being a pedophile. Deposition testimony provided. Case settled.



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### **SEC Receivership Matter**

*Defendants Civil Action No. 5:09CV0087-C; Securities and Exchange Commission vs. Benny L. Judah and Excel Lease Fund, Inc.* The United States District Court for the Northern District of Texas, Lubbock Division. Retained to work with a SEC receiver to provide valuations to the court in support of asset sales at fair values. Assets appraised included casual and fine dining restaurants, bars, notes receivable, stock in community banks, hotels, and a health club facility.

### **LECTURES AND APPEARANCES**

“Legal Maneuvers & Value Drivers: Memorial Production Partner Bankruptcy Proceeding” Presentation with attorney Jason Kathman to the Tarrant County Bar Association’s Energy Section, June 2018

“TCJA Impacts on Business Valuation” Presentation to the AGN accounting network’s North America Regional Meeting, June 2018

“Private Equity Investment in E&P Companies” Presentation to the Tarrant County Bar Association’s Energy Section, February 2017

“Oil and Gas Reserves: Distressed Market Values” Presentation to the Tarrant County Bar Association’s Energy Section, April 2016

“Oil and Gas Reserves: Distressed Market Values” Presentation to the Houston Bar Association’s Bankruptcy Section, March 2016

“Oil and Gas Reserves: What are they worth?” Presentation to the Dallas Bar Association’s Energy Section, December 2015.

“Reasonable Compensation Analyses: Insights and Guidance from the Reasonable Compensation Job Aid for IRS Valuation Professionals dated October 29, 2014.” Presentation to the Texas Society of CPA’s, Fort Worth Chapter, June 2015

“Tools of the Trade, “Northeast Tarrant County Bar Association, September 2014

“What’s It Worth?” “Financial Executives International (FEI Fort Worth Chapter), with Mark Rambin, CPA, CFF of Travis Wolff, January 2012

“Rate of Return Analysis: Why Smart People Can Get Different Answers’ “Texas Society of CPA’s 2011 Energy Conference, May 2011

“Reserve Valuations” – Texas Wesleyan School of Law Energy Symposium, Fort Worth, Texas – March 2011.

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"Got Gas? A panel discussion about the Barnett Shale" – Southlake Executive Forum, Southlake, Texas – November 2010.

"Current Trends in Business Valuation" – Flower Mound Bar Association CLE Presentation, Dallas, Texas – November 2010.

"Reserve Valuations (in and out of litigation): Where Engineering and Appraisals Meet" – Dallas Bar Association Energy Section CLE Presentation, Dallas, Texas – September 2010.

"Fair Value Updates / Implications for Energy Companies" – TSCPA Energy Conference, Austin, Texas – May 2009.

"SFAS141R – New Fair Value Standards" – Financial Executives International (FEI), Dallas, Texas – January 2009.

"Energy Valuation Update – Metrics, Multiples and Monte Carlo" – TSCPA Energy Conference, Austin, Texas – May 2008.

"Disastrous Circumstances, a Valuation Point of View" – Risk and Insurance Management Society (RIMS), Dallas, Texas – May 2006.

"FIN47 Valuation Considerations" – Reporting Environmental Liabilities *after* FIN47 Seminar, Advanced Environmental Dimensions, Dallas, Texas – November 2005.

"Valuing Employee Stock Options" – TSCPA Natural Gas, Telecommunications and Electric Industries Conference, Austin, Texas – May 2005.

"Valuing Securities Issued by Financially Distressed Companies" – Winstead's Business Restructuring Practice Group, Dallas, Texas – May 2005.

"Cost of Capital, "Capital Structure and Leverage" and "International Investment Risk" – Lighthouse Seminar Group's Accounting and Finance Primer for Attorneys, Dallas and Houston, Texas – February 2005.

"Valuing Employee Stock Options" for SFAS123R – Association for Corporate Growth, Austin Chapter – November 2004.

"Valuation Update: Making Sense of the Numbers" – TSCPA Natural Gas, Telecommunications and Electric Industries Conference, Austin, Texas – April 2004.

"Valuation Aspects of Commercial Litigation, Intellectual Property and Bankruptcy Cases" – Texas State Attorney General's Office, Austin, Texas – April 2004.

"Economic Damage & Valuation Analysis: The Expert's View" – Hiersche, Hayward, Drakeley & Urback CLE, Dallas, Texas – March 2004.

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"SFAS143 Impact on Electric Asset Values" – CBI 6<sup>th</sup> Annual Electric Asset Valuation Conference, Houston, Texas – February 2004.

"Lessons Learned from SFAS 141/142" – Council of Petroleum Accounting Societies (COPAS), Dallas, Texas - February 2004.

"Valuing Employee Stock Options" – Horn, Murdock & Cole Continuing Professional Education, Dallas, Texas – October 2003.

"Energy Valuation Update" – CBI 5<sup>th</sup> Annual Electric Asset Valuation Conference, Houston, Texas - February 2003.

"Valuation, Economic Loss and the Expert" – Texas State Attorney General's Office, Austin, Texas – November 2002.

### **PUBLICATIONS**

"First-Quarter Results Show Positive Effects of Low-Interest Rates" *"Natural Gas & Electricity*, written with Christopher C. Lucas, CFA, July 2013, Wiley Periodicals, Inc., a Wiley company.

"Utility Stocks Poised to Fall Off the Dividend Cliff?" *"Natural Gas & Electricity*, December 2012, Wiley Periodicals, Inc., a Wiley company.

"LNG Development: Timing is Everything" *"Natural Gas and Electricity*, June 2009, Wiley Periodicals, Inc.

"Monte Carlo Simulation Improves Decision Making" *"Natural Gas and Electricity*, May 2007, Wiley Periodicals, Inc.

"MLPs' Growth in Energy Fueled by Taxes and Regulators, " *"Natural Gas and Electricity*, January 2007, Wiley Periodicals, Inc.

"Aging Workforce Has Valuation and Intellectual Property Considerations" *"Natural Gas and Electricity*, August 2006, Wiley Periodicals, Inc.

"FIN47 Yields Environmental Costs and Opportunities" *"Natural Gas and Electricity*, June 2006, Wiley Periodicals, Inc.

"Fair Value Measurement of Environmental Liabilities" *"Natural Gas and Electricity*, January 2006, Wiley Periodicals, Inc. (Written with Gregory C. Rogers)

"Role of Fair Value Increasingly Affects Business Combinations" *"Natural Gas and Electricity*, November 2005, Wiley Periodicals, Inc.

"New Financial Rules Increase International Comparability" *"Natural Gas and Electricity*, June 2005, Wiley Periodicals, Inc.

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"Risk/Return Reconciled" *"Natural Gas and Electricity*, February 2005, Wiley Periodicals, Inc.

"SFAS 133 Affects Energy Values" *"Natural Gas and Electricity*, December 2004, Wiley Periodicals, Inc.

"Bringing Intangible Assets into Focus: Customer Relationships" *"Natural Gas and Electricity*, July 2004, Wiley Periodicals, Inc. (Written with Dennis Perrone)

"Nuclear Power Becoming Viable?" *Natural Gas and Electricity*, June 2004, Wiley Periodicals, Inc. (Written with Michael Conroy)

"With FERC Support, Venture Capital Flowing into Merchant Power Opportunities" *"Natural Gas and Electricity*, May 2004, Wiley Periodicals, Inc.

"Show Me the Money" chapter 12 in *Measure What Matters*, Laura Patterson, VisionEdge Marketing, Inc., 2004.

"FASB Interpretation No. 45 Making an Impact on Utility Balance Sheets" *"Natural Gas and Electricity*, February 2004, Wiley Periodicals, Inc.

"SFAS 143 Asset Retirement Obligations Strongly Affecting Electric & Gas Companies" Chapter 8 in *Electric & Natural Gas Business: Using New Strategies, Understanding the Issues!*, edited by Robert E. Willett, Financial Communications Company, 2004.

"Gas Still the Brightest Sector in Wall Street's View" *"Natural Gas and Electricity*, December 2003, Wiley Periodicals, Inc. (Written with Todd C. Fries)

"Utilities Seeing Gains from SFAS 143 Implementation" *"Natural Gas and Electricity*, November 2003, Wiley Periodicals, Inc. (Written with Domenic Falcone)

"Today's Financial Market Conditions Encourage New Transmission Investment" *"Natural Gas and Electricity*, October 2003, Wiley Periodicals, Inc.

"Companies Planning New Strategies Around Bankruptcy Environment" *"Natural Gas* September 2003, Wiley Periodicals, Inc.

"Dividends Revisited: Should the Check Be In The Mail?" *Natural Gas Magazine*, Wiley Periodicals, Inc., April 2003.

"Bad Times for Goodwill? SFAS 142 Will Impact Energy Industry" *"Natural Gas Magazine*, Wiley Periodicals, Inc., January 2003.

"Recent FASB Rulings Affecting Valuations" Chapter 8 in *Electric & Natural Gas Business: Understanding It!*, edited by Robert E. Willett, Financial Communications Company, November 2002.

"Valuing Generation Assets Under Competition" *Utility Management Solutions*, July/August 2000.

**EXHIBIT 2**

<b>List of Documents Relied Upon</b>	
<b>Document Description</b>	<b>File Name</b>
Bankruptcy Filing	045.RR.suggestionBK.file.pdf
PDC 2018 10-K	2019.02.28 - PDC 2018 10-K.pdf
RR Properties Package	Clearinghouse Flyer.pdf
Credit Suisse - PDC Energy Analyst Report	Credit Suisse - PDC Energy Analyst Report 02.28.19.pdf
RR 2006 Drilling/Operating Agreement	DrillingOperatingAgmt.2006.pdf
RR 2007 Drilling/Operating Agreement	DrillingOperatingAgmt.2007.pdf
Graves Consulting Report	Graves Consulting Report 08-01-2018.pdf
Moodys Report - PDC	Moodys Bond Rating Lo20190409081521004781872411308.pdf
PDC Presentation for Goldman Conference	PDC Presentation for Goldman Conference 01-07-19.pdf
PDC Presentation IPAA Ogis NY	PDC Presentation IPAA Ogis NY 04-08-19.pdf
PDC Q2 2018 10-Q	PDC Q2 2018 10-Q.pdf
PDC Q3 2018 10-Q	PDC Q3 2018 10-Q.pdf
PDCE Value Line Report	PDCE Value Line Sheet - 2018.08.31.pdf
RR 2006 LP - 8-K Bankruptcy	RR 2006 LP - 8-K Bankruptcy 2018.11.05.pdf
RR 2006 LP Q3 2018 10-Q	RR 2006 LP - Q3 2018 10-Q.pdf
RR 2006 LP Form 206 Amended Schedules AB	RR2006 LP.Amended Schedules- AB.pdf
RR 2006 LP Schedules AB and D-H	RR2006 LP.Schedules AB and D-H with Summary of Assets and Liabilities.pdf
RR_2007 8-K Bankruptcy	RR2007 - 8-K Bankruptcy.pdf
RR_2007 Q3 2018 10-Q	RR2007 - Q3 2018 10-Q.pdf
RR_2007 LP_Amended Schedules AB	RR2007 LP.Amended Schedules- AB.pdf
RR 2007 LP Schedules AB and D-H	RR2007 LP.Schedules AB and D-H with Summary of Assets and Liabilities.pdf
Term Sheet of Proposed Asset Sale	TermSheet.Doc10.pdf

**EXHIBIT 3**

**PDC Energy, Inc.**  
**Financial Review - PDC Energy, Inc.**

Schedule A.1

Historical Income Statements

\$ figures in thousands

	For the Year Ended:		Trailing Twelve Months Ended:	
	31-Dec-17		30-Sep-18	
	Actual	%	Actual	%
<b>Revenue</b>				
Crude oil, natural gas and NGLs sales	\$913,084	99.1%	\$1,280,654	135.8%
Commodity price risk management gain (loss), net	(\$3,936)	-0.4%	(\$348,154)	-36.9%
Other revenue	\$12,468	1.4%	\$10,864	1.2%
<b>Total Revenue</b>	<b>\$921,616</b>	<b>100.0%</b>	<b>\$943,364</b>	<b>100.0%</b>
Operating expenses:				
Lease operating expenses	89,641	9.7%	119,413	12.7%
Production taxes	60,717	6.6%	84,517	9.0%
Transportation, gathering and processing expenses	33,220	3.6%	36,547	3.9%
Exploration, geologic and geophysical expense	47,334	5.1%	7,992	0.8%
General and administrative	120,370	13.1%	156,408	16.6%
Accretion of asset retirement obligations	6,306	0.7%	5,173	0.5%
(Gain) loss on sale of properties and equipment	(766)	-0.1%	3,187	0.3%
Provision for uncollectible note receivable	(40,203)	-4.4%	-	0.0%
Other expenses	13,157	1.4%	10,979	1.2%
<b>Total operating expenses</b>	<b>329,776</b>	<b>35.8%</b>	<b>424,216</b>	<b>45.0%</b>
Earnings before interest, taxes, depreciation & amortization ( <b>EBITDA</b> )	591,840	64.2%	519,148	55.0%
Depreciation, depletion and amortization	469,084	50.9%	518,469	55.0%
Earnings before interest & taxes ( <b>EBIT</b> )	122,756	13.3%	679	0.1%
Other income (expense)	(24,747)	-2.7%	(24,747)	-2.6%
Impairment of properties and equipment	(285,887)	-31.0%	(197,618)	-20.9%
Impairment of goodwill	(75,121)	-8.2%	-	0.0%
Interest income	2,261	0.0%	1,179	0.0%
Interest (expense)	(78,694)	-8.5%	(72,896)	-7.7%
Other income, net	(462,188)	-50.1%	(294,082)	-31.2%
<b>Pretax Income (EBT)</b>	<b>(339,432)</b>	<b>-36.8%</b>	<b>(293,403)</b>	<b>-31.1%</b>
Provision (benefit) for income taxes	(211,928)	-23.0%	(194,210)	-20.6%
<b>Net Income</b>	<b>(\$127,504)</b>	<b>-13.8%</b>	<b>(\$99,193)</b>	<b>-10.5%</b>

Source: PDC Energy, Inc. Q3 2018 10-Q and 2018 10-K



**PDC Energy, Inc.**  
**Financial Review - PDC Energy, Inc.**

**Schedule A.2**

*Historical Balance Sheets, Book Values*

*\$ figures in thousands*

	<b>As of:</b>	
	<b>30-Sep-18</b>	
	<b>Actual</b>	<b>%</b>
<b>Current Assets</b>		
Cash & cash equivalents	\$1,369	0.0%
Accounts receivable, net	241,155	5.2%
Fair value of derivatives	7,555	0.2%
Prepaid expenses and other CA	6,713	0.1%
<b>Total Current Assets</b>	<b>256,792</b>	<b>5.6%</b>
Fixed assets, net	4,309,021	93.6%
Assets held-for-sale, net	-	0.0%
Fair value of derivatives	3,949	0.1%
Other assets	31,462	0.7%
<b>Total Assets</b>	<b>\$4,601,224</b>	<b>100.0%</b>
<b>Current Liabilities</b>		
Accounts payable	\$251,081	5.5%
Accrued expenses	54,685	1.2%
Production tax liability	59,539	1.3%
Fair value of derivatives	205,013	4.5%
Funds held for distribution	104,259	2.3%
Current portion debt	-	0.0%
Current portion capital lease	-	0.0%
<b>Total Current Liabilities</b>	<b>674,577</b>	<b>14.7%</b>
Deferred tax liability	138,963	3.0%
Revolving credit facility	75,000	1.6%
Long-term debt, net of current	1,159,733	25.2%
Asset retirement obligations	72,707	1.6%
Fair value of derivatives	61,013	1.3%
Other long-term liabilities	76,987	1.7%
<b>Total Liabilities</b>	<b>2,258,980</b>	<b>49.1%</b>
<b>Total Equity</b>	<b>2,342,244</b>	<b>50.9%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$4,601,224</b>	<b>100.0%</b>

Source: PDC Energy, Inc. Q3 2018 10-Q

**PDC Energy, Inc.**  
**Balance Sheet Test for Solvency**

Schedule B

Historical Balance Sheets

\$ figures in thousands

	Balance Sheets		
	30-Sep-18	Adjustments	Adjusted 30-Oct-18
<b>Current Assets</b>	<b>Actual</b>		<b>Adjusted</b>
Cash & cash equivalents	\$1,369		\$1,369
Accounts receivable, net	241,155		241,155
Fair value of derivatives	7,555		7,555
Prepaid expenses and other CA	6,713		6,713
<b>Total Current Assets</b>	256,792	-	256,792
Fixed assets, net	4,309,021		4,309,021
Fair value of derivatives	3,949		3,949
Other assets	31,462		31,462
Implied goodwill/reserve value	-	424,903	424,903
<b>Total Assets</b>	\$4,601,224	\$424,903	\$5,026,127
<b>Current Liabilities</b>			
Accounts payable	\$251,081		\$251,081
Accrued expenses	54,685		54,685
Production tax liability	59,539		59,539
Fair value of derivatives	205,013		205,013
Funds held for distribution	104,259		104,259
<b>Total Current Liabilities</b>	674,577	-	674,577
Deferred tax liability	138,963		138,963
Revolving credit facility	75,000		75,000
Long-term debt, net of current	1,159,733		1,159,733
Asset retirement obligations	72,707		72,707
Fair value of derivatives	61,013		61,013
Other long-term liabilities	76,987		76,987
<b>Total Liabilities</b>	2,258,980	-	2,258,980
<b>Equity</b>	2,342,244 (1)	424,903	2,767,147 (2)
<b>Total Liabilities &amp; Equity</b>	\$4,601,224	\$424,903	\$5,026,127

(1) Book value reported

(2) Market capitalization of PDC Energy, Inc. as of October 30, 2018, S&amp;P Capital IQ

**PDC Energy, Inc.  
Upcoming Debt Due**

**Schedule C**

*Debt Maturities*

*\$ figures in thousands*

<b>Schedule of Debt Maturities</b>					
<b>Issue Period</b>	<b>Maturity</b>	<b>Principal Amount</b>	<b>Net Amount, net of unamortized discounts/debt costs</b>	<b>Weighted Cost of Debt</b>	
1.125% Convertible Notes	September 2016	September 2021	\$200,000	\$172,419	0.17%
6.125% Senior Notes	September 2016	September 2024	\$400,000	\$394,165	2.08%
5.75% Senior Notes	November 2017	May 2026	\$600,000	\$593,149	2.94%
<b>Total long-term debt, net of unamortized discount and debt issuance costs</b>				<b>\$1,159,733</b>	<b>5.19%</b>

Source: PDC Energy, Inc. Q3 2018 10-Q, page 18

**PDC Energy, Inc.**  
**Cash Flow Test (Analyst Forecast)**

**Schedule D**

*\$ figures in thousands, except per share figures*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b><u>Income Statement</u></b>				
Revenues	\$1,548,659	\$1,400,000	\$1,685,000	\$1,850,000
LOE, Taxes, Transport, Exploration	264,921	239,491	288,244	316,470
SG&A Expense	170,504	173,914	177,392	180,940
Other Cash Exps	11,829	12,066	12,307	12,553
Total	447,254	425,470	477,943	509,963
EBITDA	1,101,405	974,530	1,207,057	1,340,037
Depr, Depl, Amort, Impairment	1,023,659	735,000	840,000	900,000
EBIT (Operating Income)	77,746	239,530	367,057	440,037
Interest Income	413	250	2,175	2,285
Other Income	0	0	0	0
Total Other Income	413	250	2,175	2,285
Short-Term Debt Expense	0	14	0	0
Long-Term Debt Expense	70,730	70,730	70,730	60,730
Total Interest Expense	70,730	70,744	70,730	60,730
EBT	7,429	169,036	298,502	381,592
Federal Income Taxes	5,406	35,497	62,685	80,134
Net Income to Common Equity	\$2,023	\$133,538	\$235,817	\$301,458

Sources: PDC Energy, Inc. SEC Filings, Credit Suisse, Value Line

**PDC Energy, Inc.**  
**Cash Flow Test (Analyst Forecast)**

Schedule D

\$ figures in thousands, except per share figures

	2018	2019	2020	2021
<b>Balance Sheet</b>				
<b>Assets</b>				
Total Cash & Cash Equivalents	1,398	25,000	217,538	228,490
Other Current Assets	273,062	278,523	284,094	289,776
Total Current Assets	274,460	303,523	501,632	518,266
Properties & Equipment	4,002,862	4,851,862	5,737,862	6,731,862
Acc Depreciation, Depletion	0	(735,000)	(1,575,000)	(2,475,000)
Properties & Equipment, Net	4,002,862	4,116,862	4,162,862	4,256,862
Other Assets	266,823	266,823	266,823	266,823
Total Assets	\$4,544,145	\$4,687,208	\$4,931,317	\$5,041,951
<b>Liabilities</b>				
Accounts Payable	\$181,864	\$185,501	\$189,211	\$192,996
Other Current Liabilities	259,150	264,333	269,620	275,012
Short-Term Debt	0	705	0	0
Total Current Liabilities	441,014	450,539	458,831	468,008
Long-Term Debt	1,194,876	1,194,876	1,194,876	994,876
Other Liabilities	381,547	381,547	381,547	381,547
<b>Equity</b>				
Common Stock/APIC	\$2,517,981	\$2,517,981	\$2,517,981	\$2,517,981
Ret Earnings	8,727	142,265	378,082	679,539
Common Equity	2,526,708	2,660,247	2,896,063	3,197,521
Total Capitalization	3,721,584	3,855,123	4,090,939	4,192,397
Total Liabilities And Equity	4,544,145	4,687,209	4,931,317	5,041,951

Sources: PDC Energy, Inc. SEC Filings, Credit Suisse, Value Line

**PDC Energy, Inc.**  
**Cash Flow Test (Analyst Forecast)**

**Schedule D**

*\$ figures in thousands, except per share figures*

	2018	2019	2020	2021
<b>Statement Of Cash Flows</b>				
<u>Operations</u>				
Net Income		\$133,538	\$235,817	\$301,458
Depreciation		735,000	840,000	900,000
Dec (Inc) In Other Current Assets		(5,461)	(5,570)	(5,682)
Inc (Dec) In Accounts Payable		3,637	3,710	3,784
Inc (Dec) In Other Current Liabilities		5,183	5,287	5,392
Cash From Operations		846,897	954,243	1,304,952
<u>Investments</u>				
Capital Expenditures, Net		(849,000)	(886,000)	(994,000)
<u>Financing</u>				
New Debt		0	0	0
Debt Retirements		0	0	(200,000)
Common Dividends		0	0	0
Change In Common Stock		0	0	0
Cash From Financing Activities		0	0	(200,000)
Change In Cash		(2,103)	68,243	110,952
Beg Net Cash (Short-Term Debt)		1,398	(705)	67,538
Change In Cash		(2,103)	68,243	110,952
End Net Cash (Short-Term Debt)		(705)	67,538	178,490

Sources: PDC Energy, Inc. SEC Filings, Credit Suisse, Value Line

**PDC Energy, Inc.**  
**Forecasted Free Cash Flow & Valuation**

**Schedule E**

*\$ figures in thousands, except per share figures*

	2019	2020	2021
<b><u>Free Cash Flow</u></b>			
EBIT	\$239,530	\$367,057	\$440,037
Taxes On EBIT	(50,301)	(77,082)	(92,408)
NOPLAT	189,228	289,975	347,629
Depreciation	735,000	840,000	900,000
Gross Cash Flow	924,228	1,129,975	1,247,629
Increase In Working Capital	(3,359)	(3,426)	(3,495)
Capital Expenditures	849,000	886,000	994,000
Gross Investment	845,641	882,574	990,505
Free Cash Flow	\$78,587	\$247,401	\$257,124
<b><u>Free Cash Flow Valuation Summary</u></b>			
Free Cash Flow	\$78,587	\$247,401	\$257,124
Terminal Value	0	0	5,360,148
Total Operating Cash Flows	78,587	247,401	5,617,272
Discount Factor	0.878	0.771	0.677
Present Value Of Cash Flows	68,999	190,715	3,801,894
Operating Value	4,061,608		
+ Beginning Cash	1,398		
<b>Enterprise Value</b>	<b>\$4,063,006</b>		
- Beginning Debt	1,194,876		
<b>Equity Value</b>	<b>2,868,130</b>		
Shares Outstanding	66,148		
<b>Implied Stock Value Per Share</b>	<b>\$43.36</b>		

**RR 2006 LP**  
**Balance Sheet Test as of Bankruptcy Filing 10/30/18**

Schedule F.1

*Historical Balance Sheet Values, Form 206 Adjusted to include PDC "Fair Value" of Equity*

	Balance Sheets		
	RR 2006 Book Value	Adjustment - GP Value	RR 2006 Adjusted Value
<b>Current Assets</b>			
Cash & cash equivalents	\$921		\$921
Accounts receivable, net	-		-
<b>Total Current Assets</b>	921	-	921
Fixed assets, net	304,000		304,000
PDC'S Fair Value of Equity (GP)	-	2,767,146,872	2,767,146,872
<b>Total Assets</b>	<u>\$304,921</u>	<u>\$2,767,146,872</u>	<u>\$2,767,451,793</u>
<b>Current Liabilities</b>			
Accounts payable	\$0		\$0
Plugging + abandonment liabilities	1,656,000		1,656,000
Other operating expenses/advances	1,379,239		1,379,239
<b>Total Current Liabilities</b>	3,035,239	-	3,035,239
Other long-term liabilities	-		-
<b>Total Liabilities</b>	3,035,239	-	3,035,239
Equity	(2,730,318)		(2,730,318)
GP'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Equity</b>	<u>(2,730,318)</u>	<u>2,767,146,872</u>	<u>2,764,416,554</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$304,921</u>	<u>\$2,767,146,872</u>	<u>\$2,767,451,793</u>



**RR 2007 LP**  
**Balance Sheet Test as of Bankruptcy Filing 10/30/18**

Schedule F.2

*Historical Balance Sheet Values, Form 206 Adjusted to include PDC "Fair Value" of Equity*

	Balance Sheets		
	RR 2007 Book Value	Adjustment - GP Value	RR 2007 Adjusted Value
<b>Current Assets</b>			
Cash & cash equivalents	\$58,558		\$58,558
Accounts receivable, net	12,577		12,577
<b>Total Current Assets</b>	71,135	-	71,135
Fixed assets, net	458,000		458,000
PDC'S Fair Value of Equity (GP)	-	2,767,146,872	2,767,146,872
<b>Total Assets</b>	<u>\$529,135</u>	<u>\$2,767,146,872</u>	<u>\$2,767,676,007</u>
<b>Current Liabilities</b>			
Accounts payable	\$0		\$0
Plugging + abandonment liabilities	1,879,000		1,879,000
Other operating expenses/advances	-		-
<b>Total Current Liabilities</b>	1,879,000	-	1,879,000
Other long-term liabilities	-		-
<b>Total Liabilities</b>	1,879,000	-	1,879,000
Equity	(1,349,865)		(1,349,865)
GP'S Fair Value of Equity	-	2,767,146,872	2,767,146,872
<b>Total Equity</b>	<u>(1,349,865)</u>	<u>2,767,146,872</u>	<u>2,765,797,007</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$529,135</u>	<u>\$2,767,146,872</u>	<u>\$2,767,676,007</u>

PDC Energy, Inc.  
Marginal Profit Analysis per BOE

Schedule G

	<b>PDC - Wattenberg</b>	<b>Rockies Region 2006 LP</b>	<b>Rockies Region 2007 LP</b>
	<b>For the Nine Months Ended: 30-Sep-18</b>	<b>For the Nine Months Ended: 30-Sep-18</b>	<b>For the Nine Months Ended: 30-Sep-18</b>
<b>Marginal Profit Per BOE</b>			
Average sales price	\$34.65 (1)	\$35.75 (3)	\$30.32 (5)
less: lease operating expenses	(\$3.11) (2)	(\$59.59) (3)	(\$21.89) (5)
<b>Marginal Profit Per BOE</b>	<b>\$31.54</b>	<b>-\$23.84</b>	<b>\$8.43</b>
PDC Interest	100%	37% (4)	37% (6)
<b>Net Proceeds To PDC per BOE Produced</b>	<b>\$31.54</b>	<b>-\$8.82</b>	<b>\$3.12</b>
<b>Multiple - 2006 LP</b>	<b>N/A</b>		
<b>Multiple - 2007 LP</b>	<b>10.1x</b>		

## Sources:

- (1) PDC Energy, Inc. Q3 2018 10-Q, page 46  
(2) PDC Energy, Inc. Q3 2018 10-Q, page 42  
(3) Rockies Region 2006 LP Q3 2018 10-Q, page 13  
(4) Per Counsel  
(5) Rockies Region 2007 LP Q3 2018 10-Q, page 14  
(6) Per Counsel

**PDC Energy, Inc.**  
**Marginal Profit Analysis per BOE - Adjusted for LOE Expenses**

**Schedule H.1**

PDC
For the Nine Months Ended: 30-Sep-18

**REVENUE**

Crude, Natural Gas, and NGL Revenue - Wattenberg [1]	\$752,618,000
Total BOE Produced - Wattenberg [2]	21,721,000
<b>Average sales price per BOE</b>	<b>\$34.65</b>

**LEASE OPERATING EXPENSES**

Lease operating expenses - Wattenberg	\$67,552,310
Total BOE Produced - Wattenberg [2]	21,721,000
<b>Lease operating expense per BOE [3]</b>	<b>\$3.11</b>

Sources:

[1] PDC Energy, Inc. Q3 2018 10-Q, page 8

[2] PDC Energy, Inc. Q3 2018 10-Q, page 43

[3] PDC Energy, Inc. Q3 2018 10-Q, page 42

RR 2006 LP

Schedule H.2

## Marginal Profit Analysis per BOE - Adjusted for LOE Expenses

	Rockies Region 2006 LP	Rockies Region 2006 LP
	For the Nine Months Ended: 30-Sep-18	With PDC's LOE Expenses 30-Sep-18
<b>Barrels of Oil Equivalent (BOE)</b>		
Total BOE Sales [1]	\$132,239	\$132,239
Production [1]	3,699	3,699
<b>Average sales price per BOE</b>	<b>\$35.75</b>	<b>\$35.75</b>
<b>Relevant Expenses Per BOE</b>		
Lease operating expenses [1]	(\$59.59)	(\$3.11) [2]
<b>Total Relevant Expenses Per BOE</b>	(\$59.59)	(\$3.11)
<b>Profit Per BOE</b>	<b>-\$23.84</b>	<b>\$32.64</b>

Sources:

[1] Rockies Region 2006 LP Q3 2018 10-Q, page 13

[2] Schedule H.1

RR 2007 LP

Schedule H.3

## Marginal Profit Analysis per BOE - Adjusted for LOE Expenses

	Rockies Region 2007 LP	Rockies Region 2007 LP
	For the Nine Months Ended: 30-Sep-18	With PDC's LOE Expenses 30-Sep-18
<b>Barrels of Oil Equivalent (BOE)</b>		
Total BOE Sales [1]	\$518,208	\$518,208
Production [1]	17,092	17,092
<b>Average sales price per BOE</b>	<b>\$30.32</b>	<b>\$30.32</b>
<b>Relevant Expenses Per BOE</b>		
Lease operating expenses [1]	(\$21.89)	(\$3.11) [2]
<b>Total Relevant Expenses Per BOE</b>	(\$21.89)	(\$3.11)
<b>Profit Per BOE</b>	<b>\$8.43</b>	<b>\$27.21</b>

Sources:

[1] Rockies Region 2007 LP Q3 2018 10-Q, page 14

[2] Schedule H.1