



CITY OF GRAND JUNCTION, COLORADO

CONTRACT

This CONTRACT made and entered into this 6th day of April 2023 by and between the **City of Grand Junction, Colorado**, a government entity in the County of Mesa, State of Colorado, hereinafter in the Contract Documents referred to as the "Owner" and **A M Gas Marketing Corp.** hereinafter in the Contract Documents referred to as the "Firm."

WITNESSETH:

WHEREAS, the Owner advertised that sealed Bids would be received for furnishing all labor, tools, supplies, equipment, materials, and everything necessary and required for the Project described by the Contract Documents and known as **3rd Party Natural Gas Services RFP-5165-23-DD**

WHEREAS, the Contract has been awarded to the above-named Firm by the Owner for services to be provided for City of Grand Junction, and said Firm is now ready, willing, and able to perform the Services specified in accordance with the Contract Documents for the following facilities/locations:

Facilities Currently Serving for this Contract:

Facility	Meter	Premise
City Hall	1298873	300090848
Orchard Mesa Pool	10008276	300680488
Two Rivers Convention Center	1309007	300848994
Persigo Sludge Processing	10004154	301340604
USS Operations	10011327	301920707
2145 River Rd Persigo Wastewater	GJ12297	301944090
Service Center Fleet	10003425	301949019
CNG Fuel Site	10005474	304235086
Avalon Theater	10008515	
Tiara Rado Ops	20896292	
Public Safety Building	10006369	

The Owner has the option to add or delete facilities as necessary.

NOW, THEREFORE, in consideration of the compensation to be paid the Firm, the mutual covenants hereinafter set forth and subject to the terms hereinafter stated, it is mutually covenanted and agreed as follows:

ARTICLE 1

Contract Documents: It is agreed by the parties hereto that the following list of instruments, drawings, and documents which are attached hereto, bound herewith, or incorporated herein by reference constitute and shall be referred to either as the "Contract Documents" or the "Contract", and all of said instruments, drawings, and documents taken together as a whole constitute the Contract between the parties hereto, and they are fully a part of this agreement as if they were set out verbatim and in full herein:

The order of contract document governance shall be as follows:

- a. The body of this Contract Agreement
- b. Solicitation Documents for the Project; **3rd Party Natural Gas Services. RFP-5165-23-DD**
- c. Letter of Intent
- d. Firm's Response to the Solicitation
- e. Work Change Requests (directing that changed work be performed);
- f. Change Orders.

ARTICLE 2

Definitions: The clauses provided in the Solicitation apply to the terms used in the Contract and all the Contract Documents.

ARTICLE 3

Contract Services: The Firm agrees to furnish all labor, tools, supplies, equipment, materials, and all that is necessary and required to complete the tasks associated with the Service described, set forth, shown, and included in the Contract Documents as indicated in the Solicitation Document.

ARTICLE 4

Contract Time: Time is of the essence with respect to this Contract. The Firm hereby agrees to commence Services under the Contract on or before May 1, 2023. Initial Contract Term shall be **May 1, 2023 through April 30, 2025**.

ARTICLE 5

Contract Price and Payment Procedures: The Firm shall accept as full and complete compensation for the performance and completion of all of the Services specified in the Contract Documents, the fixed rate (per dekatherm (Dth)) of **Five and 40/100 Dollars (\$5.40) plus Firm's fee rate of 15/100 Dollars (\$0.15) per dth and expected hedging costs of 25/100 Dollars (0.25) per dth** as submitted by the Firm in the proposal for each facility location being serviced. (**Note: No overage or underage charges/fees, or any other charges/fees (except for Xcel Energy pass through charges/fees) shall be applied, in excess of Northwest Pipeline Corp. Rocky Mountains Index Price.** If this Contract contains unit price pay items, the Contract Price shall be adjusted in accordance with the actual quantities of items completed and accepted by the Owner at the unit prices quoted in the Solicitation Response. The amount of the Contract Price is and has heretofore been appropriated by

the Grand Junction City Council for the use and benefit of this Project. The Contract Price shall not be modified except by Change Order or other written directive of the Owner. The Owner shall not issue a Change Order or other written directive which requires additional work to be performed, which work causes the aggregate amount payable under this Contract to exceed the amount appropriated for this Project, unless and until the Owner provides Firm written assurance that lawful appropriations to cover the costs of the additional work have been made.

Unless otherwise provided in the Solicitation, monthly partial payments shall be made as the Service progresses. Applications for partial and Final Payment shall be prepared by the Firm and approved by the Owner in accordance with the Solicitation.

ARTICLE 6

Contract Binding: The Owner and the Firm each binds itself, its partners, successors, assigns and legal representatives to the other party hereto in respect to all covenants, agreements and obligations contained in the Contract Documents. The Contract Documents constitute the entire agreement between the Owner and Firm and may only be altered, amended, or repealed by a duly executed written instrument. Neither the Owner nor the Firm shall, without the prior written consent of the other, assign or sublet in whole or in part its interest under any of the Contract Documents and specifically, the Firm shall not assign any moneys due or to become due without the prior written consent of the Owner.

ARTICLE 7

Severability: If any part, portion, or provision of the Contract shall be found or declared null, void or unenforceable for any reason whatsoever by any court of competent jurisdiction or any governmental agency having the authority thereover, only such part, portion or provision shall be affected thereby and all other parts, portions and provisions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, City of Grand Junction, Colorado, has caused this Contract to be subscribed and sealed and attested in its behalf; and the Firm has signed this Contract the day and the year first mentioned herein.

The Contract is executed in two counterparts.

CITY OF GRAND JUNCTION, COLORADO

DocuSigned by:
By: Duane Hoff Jr.
Duane Hoff Jr., Contract Administrator

4/10/2023
Date

A M Gas Marketing Corp.

DocuSigned by:
By: Barton Levin
Barton Levin
President

4/8/2023
Date



**Request for Proposal
RFP-5165-23-DD**

**3rd Party Natural Gas Services for the City of
Grand Junction**

RESPONSES DUE:

February 23, 2023, prior to 2:00 PM

Accepting Electronic Responses Only

**Responses Only Submitted Through the Rocky Mountain E-Purchasing System
(RMEPS)**

www.bidnetdirect.com/colorado

(Purchasing Representative does not have access or control of the vendor side of RMEPS. If website or other problems arise during response submission, vendor **MUST** contact RMEPS to resolve issue prior to the response deadline. 800-835-4603)

NOTE: All City solicitation openings will continue to be held virtually.

PURCHASING REPRESENTATIVE:

Dolly Daniels, Senior Buyer

dollyd@gjcity.org

970-256-4048

REQUEST FOR PROPOSAL

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Appendixes

Attachment 1 Natural Gas Usage 2021 and 2022

<http://trimview.gjcity.org/?=SOLDOC/25362>

REQUEST FOR PROPOSAL

SECTION 1.0: ADMINISTRATIVE INFORMATION & CONDITIONS FOR SUBMITTAL

NOTE: It is the Firm's responsibility to read and review all solicitation documentation in its entirety, and to ensure that they have a clear and complete understanding of not only the scope, specifications, project requirements, etc., but also all other requirements, instructions, rules, regulations, laws, conditions, statements, procurement policies, etc. that are associated with the solicitation process and project/services being solicited.

- 1.1 Issuing Office:** This Request for Proposal (RFP) is issued by the City of Grand Junction. All contact regarding this RFP is to be directed to the Purchasing Agent.

Dolly Daniels, Senior Buyer
dollyd@gjcity.org

With the exception of Pre-Bid or Site Visit Meeting(s), all questions, inquiries, comments, or communication pertaining to this solicitation (whether process, specifications, scope, etc.) must be directed (in writing) to the Purchasing Agent Other communication may result in disqualification.

- 1.2 Purpose:** The purpose of this RFP is to obtain proposals from qualified firms to proposals for 3rd Party Natural Gas Services to be provided to qualifying City Facilities.
- 1.3 The Owner:** The Owner is the City of Grand Junction, Colorado and is referred to throughout this Solicitation. The term Owner means the Owner or his authorized representative.
- 1.4 Compliance:** All Offerors submitting a proposal agree to comply with all conditions, requirements, and instructions of this RFP as stated or implied herein. Should the Owner omit anything which is necessary to the clear understanding of the requirements, or should it appear that various instructions are in conflict, the Offeror(s) shall secure instructions from the Purchasing Agent prior to the submittal deadline.
- 1.5 Procurement Process:** The most current version of the [City of Grand Junction Purchasing Manual](#) is contracting.
- 1.6 Submission:** See section 5.0 for Preparation and Submittal Terms. Proposals shall be formatted as directed in Section 5. Submittals that fail to follow this format may be ruled non-responsive.

Proposal Opening 3rd Party Natural Gas Services for the City of Grand Junction

Feb 23, 2023, 2:00 – 2:30 PM (America/Denver)

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/334241933>

You can also dial in using your phone.

Access Code:

334-241-933

United States:

[+1 \(224\) 501-3412](tel:+12245013412)

Join from a video-conferencing room or system.

Meeting ID:

334-241-933

Dial in or type:

67.217.95.2 or inroomlink.goto.com

Or dial directly:

334241933@67.217.95.2 or 67.217.95.2##334241933

Get the app now and be ready when your first meeting starts:

<https://meet.goto.com/install>

- 1.7 Altering Proposals:** Any alterations made prior to opening date and time must be initiated by the Offeror. Proposals may not be altered or amended after submission deadline.
- 1.8 Withdrawal of Proposal:** A proposal must be firm and valid for award and may not be withdrawn or canceled by the Offeror for sixty (60) days following the submittal deadline date, and only prior to award.
- 1.9 Acceptance of Proposal Content:** The selected proposal shall become contract documents. Failure of the successful Offeror to accept these obligations in a contract shall result in cancellation of the award and such vendor shall be removed from future solicitations. When a contract is executed by and between the Offeror and the City, the Offeror may be referred to as the Consultant of Firm.
- 1.10 Addenda:** All questions shall be submitted in writing to the Purchasing Agent. Any interpretations, corrections and changes to this RFP or extensions to the opening/receipt date shall be made by a written Addendum to the RFP by the Purchasing Agent. Sole authority to authorize addenda shall be vested in the Purchasing Agent. Addenda will be issued electronically through the Rocky Mountain E-Purchasing website at www.bidnetdirect.com/colorado. Offerors shall acknowledge receipt of all addenda in their proposal.
- 1.11 Exceptions and Substitutions:** All proposals meeting the intent of this RFP shall be considered for award. An Offeror taking exception to the specifications does so at the Offeror's risk. The Owner reserves the right to accept or reject any or all substitutions or alternatives. When offering substitutions and/or alternatives, Offeror must state any exception(s) in the section to which the exception(s) pertain. Exception/substitution, if accepted, must meet or exceed the stated intent and/or specifications. The absence of stated exception(s) indicates that the Offeror has not taken exceptions, and if awarded a Contract, shall hold the Offeror responsible to perform in strict accordance with the specifications or scope of the proposal and contract documents.
- 1.12 Confidential Material:** All materials submitted in response to this RFP shall ultimately become public record and shall be subject to inspection after contract award. **"Proprietary or Confidential Information"** is defined as any information that is not generally known to competitors and which provides a competitive advantage. Unrestricted disclosure of proprietary information places it in the public domain. Only submittal information clearly identified with the words **"Confidential Disclosure"** and uploaded as a separate document

may establish a confidential, proprietary relationship. Any material to be treated as confidential or proprietary in nature must include a written explanation for the request. Consistent with CORA, the request shall be reviewed and decided by the Owner. If denied, the Offeror shall have the opportunity to withdraw its proposal, or to remove the confidential or proprietary information. Neither cost nor pricing information nor the entire proposal may be claimed as confidential or proprietary.

- 1.13 Response Material Ownership:** All proposals become the property of the Owner upon receipt and may only be returned to the Offeror at the Owner's option. Selection or rejection of the proposal shall not affect this right. The Owner shall have the right to use all ideas or adaptations of the ideas contained in any proposal received in response to this RFP, subject to limitations outlined in the entitled "Confidential Material". Disqualification of a proposal does not eliminate the City's right.
- 1.14 Minimal Standards for Responsible Prospective Offerors:** The Offeror must affirmatively demonstrate its responsibility. A prospective Offeror must meet the following requirements.
- Be able to comply with the required or proposed completion schedule.
 - Have a satisfactory record of performance.
 - Have a satisfactory record of integrity and ethics.
 - Be otherwise qualified and eligible to receive an award and enter into a contract with the Owner.
- 1.15 Open Records:** Proposals shall be received and publicly acknowledged at the location, date, and time stated herein. Offerors, their representatives and interested persons may be present. Proposals shall be received and acknowledged only so as to avoid disclosure of process. All proposals shall be open for public inspection after the contract is awarded.
- 1.16 Sales Tax:** The Owner is exempt from the State, County, and Municipal Sales Tax and Federal Excise Tax; therefore, all fees shall not include taxes.
- 1.17 Public Opening:** Proposals shall be opened in a virtual meeting immediately following the proposal deadline. Offerors, their representatives and interested persons may be present. Only the name(s) and business address of the proposing Offerors will be disclosed.

SECTION 2.0: GENERAL CONTRACT TERMS AND CONDITIONS

- 2.1. Acceptance of RFP Terms:** A proposal submitted in response to this RFP shall constitute a binding offer which shall be acknowledged by the Offeror on the Letter of Interest or Cover Letter. The Offeror must be legally authorized to execute a Letter of Interest or Cover Letter together with contractual obligations. By submitting a proposal, the Offeror accepts all terms and conditions including compensation, as set forth herein. An Offeror shall identify clearly and thoroughly any variations between its proposal and the Owner's RFP requirements. Failure to do so may be deemed a waiver or any right(s) to subsequently modify the term(s) of performance, except as specified in the RFP.
- 2.2. Execution, Correlation, Intent, and Interpretations:** The Contract Documents shall be signed by the Owner and Firm. By executing the Contract, the Firm represents that it has

familiarized itself with the local conditions under which the Services is to be performed and correlated its observations with the requirements of the Contract Documents. The Contract Documents are complementary, and what is required by anyone, shall be as binding as if required by all. The intention of the Contract Documents is to include all labor, materials, equipment, services and other items necessary for the proper execution and completion of the Scope of Services as defined in the technical specifications and/or drawings contained herein. All drawings, specifications and copies furnished by the Owner are, and shall remain, Owner property. They are not to be used on any other project.

- 2.3. Permits, Fees, & Notices:** The Firm shall secure and pay for all permits, governmental fees and licenses necessary for the proper execution and completion of the Services. The Firm shall give all notices and comply with all laws, ordinances, rules, regulations and orders of any public authority, including the City, bearing on the performance of the Services. If the Firm observes that any of the Contract Documents are at variance in any respect, it shall promptly notify the Purchasing Agent in writing, and any necessary changes shall be adjusted. If the Firm performs any Services knowing it to be contrary to such laws, ordinances, rules, and regulations, and without such notice to the Owner, it shall assume full responsibility and shall bear all costs attributable to the non-conforming Services.
- 2.4. Responsibility for those Performing the Services:** The Firm shall be responsible to the Owner for the acts and omissions of all its employees and all other persons performing any of the Services under a Contract with the Firm.
- 2.5. Payment & Completion:** The Contract Sum is stated in the Contract and is the total amount payable by the Owner to the Firm for the performance of the Services under the Contract Documents. Upon receipt of written notice that the Services is ready for final inspection and acceptance and upon receipt of application for payment, the Owner's Project Manager will promptly make such inspection and, when the Owner finds the services acceptable under the Contract Documents and the Contract fully performed, the Owner shall make payment in the manner provided in the Contract Documents. Partial payments will be based upon estimates, prepared by the Firm, of the value of services performed and materials placed in accordance with the Contract Documents. The services performed by the Firm shall be in accordance with generally accepted professional practices and the level of competency presently maintained by other practicing professional Firms in the same or similar type of services in the applicable community. The Services to be performed by the Firm hereunder shall be done in compliance with applicable laws, ordinances, rules and regulations.
- 2.6. Protection of Persons & Property:** The Firm shall comply with all applicable laws, ordinances, rules, regulations and orders of any public authority having jurisdiction for the safety of persons or property or to protect them from damage, injury or loss. Firm shall erect and maintain, as required by existing safeguards for safety and protection, and all reasonable precautions, including posting danger signs or other warnings against hazards promulgating safety regulations and notifying owners and users of adjacent utilities. When or where any direct or indirect damage or injury is done to public or private property by or on account of any act, omission, neglect, or misconduct by the Firm in the execution of the services, or in consequence of the non-execution thereof by the Firm, it shall restore, at its own expense, such property to a condition similar or equal to that existing before such

damage or injury was done, by repairing, rebuilding, or otherwise restoring as may be directed, or it shall make good such damage or injury in an acceptable manner.

- 2.7. Changes in the Services:** The Owner, without invalidating the Contract, may order changes in the services within the general scope of the contract consisting of additions, deletions or other revisions. All such changes in the services shall be authorized by Change Order/Amendment and shall be executed under the applicable conditions of the contract documents. A Change Order/Amendment is a written order to the Firm signed by the Purchasing Agent issued after the execution of the contract, authorizing a change in the Services or an adjustment in the contract sum or the contract time.
- 2.8. Minor Changes in the Services:** The Owner shall have authority to order minor changes in the services not involving an adjustment in the contract sum or an extension of the contract time and not inconsistent with the intent of the contract documents.
- 2.9. Uncovering & Correction of Services:** The Firm shall promptly correct all Services found by the Owner as defective or as failing to conform to the contract documents. The Firm shall bear all costs of correcting such rejected services, including the cost of the Owner's additional services thereby made necessary. The Owner shall give such notice promptly after discovery of condition. All such defective or non-conforming Services under the above paragraphs shall be removed from the site where necessary and the Services shall be corrected to comply with the contract documents without cost to the Owner.
- 2.10. Acceptance Not Waiver:** The Owner's acceptance or approval of any services furnished hereunder shall not in any way relieve the Offeror of its present responsibility to maintain the high quality, integrity and timeliness of its services. The Owner's approval or acceptance of, or payment for, any services shall not be construed as a future waiver of any rights under this Contract, or of any cause of action arising out of performance under this Contract.
- 2.11. Change Order/Amendment:** No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting Contract. All amendments to the Contract shall be made in writing by the Owner.
- 2.12. Assignment:** The Firm shall not sell, assign, transfer or convey the Contract resulting from this RFP, in whole or in part, without the prior written approval from the Owner.
- 2.13. Compliance with Laws:** Proposals must comply with all Federal, State, County and local laws governing the Service and the fulfillment of the Service(s) for and on behalf of the public. The Firm hereby warrants that it is qualified to assume the responsibilities and render the Services described herein and has all requisite corporate authority and professional licenses in good standing, required by law.
- 2.14. Debarment/Suspension:** The Firm hereby certifies that the Firm is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Governmental department or agency.

- 2.15. Confidentiality:** All information disclosed by the Owner to the Offeror for the purpose of the Services to be performed or information that comes to the attention of the Offeror during the course of performing such services is to be kept strictly confidential.
- 2.16. Conflict of Interest:** No public official and/or Owner employee shall have interest in the Contract resulting from this Request For Proposal.
- 2.17. Contract:** This Request for Proposal, submitted documents, and any negotiations, when properly accepted by the Owner, shall constitute an enforceable agreement equally binding between the Owner and Firm. The Contract represents the entire and integrated agreement between the City and the Firm and supersedes all prior negotiations, representations, or agreements, either written or oral, including the Proposal documents. The contract may be amended or modified with Change Orders, Field Orders, or Amendment.
- 2.18. Project Manager/Administrator:** The Project Manager, on behalf of the Owner, shall render decisions in a timely manner pertaining to the Services proposed and/or performed by the Firm. The Project Manager shall be responsible for approval and/or acceptance of any related performance of the Scope of Services.
- 2.19. Contract Termination:** The Contract shall remain in effect until any of the following occurs: (1) Contract expires; (2) completion of Services; (3) final acceptance of Services or, (4) for convenience terminated by either party with a written *Notice of Cancellation* stating therein the reasons for such cancellation and the effective date of cancellation at least thirty days past notification.
- 2.20. Employment Discrimination:** During the performance of any services per agreement with the Owner, the Firm agrees to:
- 2.20.1. Not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, disability, citizenship status, marital status, veteran status, sexual orientation, national origin, or any legally protected status except when such condition is a legitimate occupational qualification reasonably necessary for the normal operations of the Firm. The Firm agrees to post in conspicuous places, visible to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - 2.20.2. In all solicitations or advertisements for employees placed by or on behalf of the Firm, shall state that such Firm is an Equal Opportunity Employer.
 - 2.20.3. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- 2.21. Immigration Reform and Control Act of 1986 and Immigration Compliance:** The Firm certifies that it does not and will not during the performance of the Contract employ personnel without authorization services or otherwise violate the provisions of the Federal Immigration Reform and Control Act of 1986 and/or law regulating immigration compliance.
- 2.22. Ethics:** The Firm shall not accept or offer gifts or anything of value and/or enter into any business arrangement with any employee, official, or agent of the Owner.

- 2.23. Failure to Deliver:** In the event of failure of the Firm to perform in accordance with the Contract Documents, the Owner, after due oral or written notice, may procure the Services from other sources and hold the Firm responsible for any and all costs resulting in the purchase of additional Services and materials necessary to perform the Service(s). This remedy shall be in addition to any other remedies that the Owner may have.
- 2.24. Failure to Enforce:** Failure by the Owner at any time to enforce the provisions of the Contract shall not be construed as a waiver of any such provisions. Such failure to enforce shall not affect the validity of the Contract or any part thereof or the right of the Owner to enforce any provision of the Contract Documents at any time in accordance with the terms thereof.
- 2.25. Force Majeure:** The Firm shall not be held responsible for failure to perform the duties and responsibilities imposed by the Contract due to legal strikes, fires, riots, rebellions, and acts of God beyond the control of the Firm, unless otherwise specified in the Contract.
- 2.26. Indemnification:** Firm shall defend, indemnify and save harmless the Owner and all its officers, employees, insurers, and self-insurance pool, from and against all liability, suits, actions, or other claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person, persons, or property on account of any negligent act or fault of the Firm, or of any Firm's agent, employee, Sub-firm or supplier in the execution of, or performance under, any contract which may result from proposal award. Firm shall pay any judgment with costs which may be obtained by and/or against the Owner arising out of or under the performance.
- 2.27. Independent Firm:** The Firm shall be legally considered an independent Firm and neither the Firm nor its employees shall, under any circumstances, be considered servants or agents of the Owner. The Owner shall be at no time legally responsible for any negligence or other wrongdoing by the Firm, its servants, or agents. The Owner shall not withhold from the Contract, payments to the Firm any federal or state unemployment taxes, federal or state income taxes, Social Security or any other amounts for benefits to the Firm. Further, the Owner shall not provide to the Firm any insurance coverage or other benefits, including Workers' Compensation, normally provided by the Owner for its employees.
- 2.28. Nonconforming Terms and Conditions:** A proposal that includes terms and conditions that do not conform to the terms and conditions of this Request for Proposal is subject to rejection as non-responsive. The Owner reserves the right to permit the Offeror to withdraw nonconforming terms and conditions from its proposal prior to a determination by the Owner of non-responsiveness based on the submission of nonconforming terms and conditions.
- 2.29. Ownership:** All plans, prints, designs, concepts, etc., shall become the property of the Owner.
- 2.30. Oral Statements:** No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in this document and/or resulting agreement. All modifications to this request and any agreement must be made in writing by the Owner.

- 2.31. Patents/Copyrights:** The Firm agrees to protect the Owner from any claims involving infringements of patents and/or copyrights. In no event shall the Owner be liable to the Firm for any/all suits arising on the grounds of patent(s)/copyright(s) infringement. Patent/copyright infringement shall null and void any agreement resulting from response to this Request For Proposal.
- 2.32. Governing Law:** Any agreement as a result of responding to this Request For Proposal shall be deemed to have been made in, and shall be construed and interpreted in accordance with, the laws of the City of Grand Junction, Mesa County, Colorado.
- 2.33. Expenses:** Expenses incurred in preparation, submission and presentation to this Request For Proposal are the responsibility of the Firm and cannot be charged to the Owner.
- 2.34. Sovereign Immunity:** The Owner specifically reserves its right to sovereign immunity pursuant to Colorado Law as a defense to any action arising out of or under a Contract.
- 2.35. Public Funds/Non-Appropriation of Funds:** Funds for payment have been provided through the Owner's budget approved by the City Council/Board of County Commissioners for the stated fiscal year only. Colorado law prohibits the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. Therefore, anticipated orders or other obligations that may arise past the end of the stated Owner's fiscal year shall be subject to budget approval. The Contract will be subject to and provide a non-appropriation of funds clause.
- 2.36. Collusion Clause:** Each Offeror by submitting a proposal certifies that it is not party to any collusive action or any action that may be in violation of the Sherman Antitrust Act. Any and all proposals shall be rejected if there is evidence or reason for believing that collusion exists among the proposers. The Owner may or may not, at its discretion, accept future proposals for the same service or commodities for participants in such collusion.
- 2.37. Gratuities:** The Firm certifies and agrees that no gratuities or kickbacks were paid in connection with this Contract, nor were any fees, commissions, gifts, or other considerations made contingent upon the award of this Contract. If the Firm breaches or violates this warranty, the Owner may, at its discretion, terminate the Contract without liability to the Owner.
- 2.38. Performance of the Contract:** The Owner reserves the right to enforce the performance of the Contract in any manner prescribed by law or equity as deemed by the Owner to be in the best interest of the Owner (in the event of breach or default) of resulting Contract award.
- 2.39. Benefit Claims:** The Owner shall not provide to the Firm any insurance coverage or other benefits, including Worker's Compensation, normally provided by the Owner for its employees.
- 2.40. Default:** The Owner reserves the right to terminate the Contract in the event the Firm fails to meet delivery or completion schedules, or otherwise perform in accordance with the Contract. Breach of Contract or default authorizes the Owner to purchase like services elsewhere and charge the full cost to the defaulting Firm.

2.41. Multiple Offers: If an Offeror submits more than one offer, THE ALTERNATE OFFER must be clearly marked "Alternate Offer". The Owner reserves the right to make award in the best interest of the Owner.

2.42. Cooperative Purchasing: Purchases as a result of this solicitation are primarily for the Owner. Other governmental entities may be extended the opportunity to utilize the resultant Contract award with the agreement of the successful Offeror and the participating Firms. All participating entities will be required to abide by the specifications, terms, conditions and pricings established in this Proposal. The quantities furnished in this proposal document are for only the Owner. It does not include quantities for any other jurisdiction. The Owner will be responsible only for the award for its jurisdiction. Other participating entities will place its own awards on its respective Purchase Orders through its purchasing office or use its purchasing card for purchase/payment as authorized or agreed upon between the provider and the individual entity. The Owner accepts no liability for payment of orders placed by other participating jurisdictions that choose to piggy-back on its solicitation. Orders placed by participating jurisdictions under the terms of this solicitation will indicate its specific delivery and invoicing instructions.

2.43. Definitions:

- 2.43.1. "Offeror" and/or "Proposer" refers to the person or persons legally authorized by the Consultant to make an offer and/or submit a response (fee) proposal in response to the Owner's RFP.
- 2.43.2. The term "Services" includes all labor, materials, equipment, and/or services necessary to produce the requirements of the Contract Documents.
- 2.43.3. "City" is the City of Grand Junction, Colorado and is referred to throughout the Contract Documents. The term City means the City or its authorized representative(s). Based on such observations and the Firm's Application for payment, the City will determine the amounts owing to the Firm and will issue Certificates for Payment in such amounts, as provided in the Contract. The City will have authority to reject Service(s) which does not conform to the Contract Documents. Whenever, in its reasonable opinion, it considers it necessary or advisable to ensure the proper implementation of the intent of the Contract Documents, it will have authority to require the Firm to stop the Service(s) or any portion, or to require special inspection or testing of the Service(s), whether or not such Service(s) can then be fabricated, installed, or completed. The City will not be responsible for the acts or omissions of the Firm and/or Sub-Firm, or any of its agents or employees, or any other persons performing any of the Service(s).
- 2.43.4. "Firm" is the person, organization, firm or consultant identified as such in the Agreement and is referred to throughout the Contract Documents. The term Firm means the Firm or his authorized representative. The Firm shall carefully study and compare the General Contract Conditions of the Contract, Specifications and Drawings, Scope of Services, Addenda, and Modifications and shall at once report to the Owner any error, inconsistency, or omission it may discover. Firm shall not be liable to the Owner for any damage resulting from such errors, inconsistencies or omissions. The Firm shall not commence services without clarifying Drawings, Specifications, or Interpretations.
- 2.43.5. "Sub-Contractor is a person or organization who has a direct contract with the Firm to perform any of the services at the site. The term Sub-Contractor is

referred to throughout the contract documents and means a Sub-Contractor or his authorized representative.

- 2.44. Public Disclosure Record:** If the Offeror has knowledge of its employee(s) or sub-contractors having an immediate family relationship with an Owner employee or elected official, the Offeror must provide the Purchasing Agent with the name(s) of the individuals. The individuals are required to file a "Public Disclosure Record", and/or a statement of financial interest, before conducting business with the Owner.

SECTION 3.0: INSURANCE REQUIREMENTS

- 3.1 Insurance Requirements:** The selected Firm agrees to procure and maintain, at its own cost, policy(s) of insurance sufficient to insure against all liability, claims, demands, and other obligations assumed by the Firm pursuant to the Contract. Such insurance shall be in addition to any other insurance requirements imposed by this Contract or by law. The Firm shall not be relieved of any liability, claims, demands, or other obligations assumed pursuant to the Contract by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types.

Firm shall procure and maintain and, if applicable, shall cause any Sub-Contractor of the Firm to procure and maintain insurance coverage listed below. Such coverage shall be procured and maintained with forms and insurers acceptable to Owner. All coverage shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by the Firm pursuant to the Contract. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage. Minimum coverage limits shall be as indicated below unless specified otherwise in the Special Conditions:

(a) Worker Compensation: Firm shall comply with all State of Colorado Regulations concerning Workers' Compensation insurance coverage.

(b) General Liability insurance with minimum combined single limits of:

ONE MILLION DOLLARS (\$1,000,000) each occurrence and
ONE MILLION DOLLARS (\$1,000,000) per job aggregate.

The policy shall be applicable to all premises, products and completed operations. The policy shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, products, and completed operations. The policy shall include coverage for explosion, collapse, and underground (XCU) hazards. The policy shall contain a severability of interest provision.

(c) Comprehensive Automobile Liability insurance with minimum combined single limits for bodily injury and property damage of not less than:

ONE MILLION DOLLARS (\$1,000,000) each occurrence and
ONE MILLION DOLLARS (\$1,000,000) aggregate

(d) Professional Liability & Errors and Omissions Insurance policy with a minimum of:

ONE MILLION DOLLARS (\$1,000,000) per claim

This policy shall provide coverage to protect the City against liability incurred as a result of the professional services performed as a result of responding to this Solicitation.

With respect to each of Firm's owned, hired, or non-owned vehicles assigned to be used in performance of the Services. The policy shall contain a severability of interest provision.

- 3.2 Additional Insured Endorsement:** The policies required by paragraphs (b), and (c) above shall be endorsed to include the Grand Junction, its Elected and Appointed Officials, Employees and Volunteers are included as Additional Insured. Every required policy above shall be primary insurance, and any insurance carried by the Owner, its officers, or its employees, or carried by or provided through any insurance pool of the Owner, shall be excess and not contributory insurance to that provided by Firm. The Firm shall be solely responsible for any deductible losses under any policy required above.

SECTION 4.0: SPECIFICATIONS/SCOPE OF SERVICES

- 4.1 General/Background:** The City of Grand Junction has several buildings that currently utilize a 3rd party natural gas service provider.
- 4.2 Specifications/Scope of Services:** Offeror shall address and include all of the following requested information with its proposal submittals:
- A.** All pricing shall be calculated and billed in dekatherms/decatherms (dth).
 - B.** Describe how the calculations for billing are calculated (daily or monthly).
 - C.** Pass through costs shall be “true” and shall not include or contain any additional mark-up charges.
 - D.** Identify, list, and describe any and all additional costs (beyond standard gas usage) that may pertain to having any given facility on this type of service, to include but not limited to: equipment, installations, connections, phone or digital lines, modems, wifi, routers, etc.
 - E.** Explain the electronic metering services, what equipment is required for installation and connectivity, and how it is reported.
 - F.** Explain (in detail) the pricing structure. Does it contain two tier pricing?
 - G.** Describe (in detail) how the Firm handles and bills for “overages” and “underages” usage.
 - H.** Do the firm use Spot Pricing in the calculations? If so, explain.
 - I.** Include example contracts and the Firm’s “terms and conditions”.

J. Include example invoicing/billing.

K. Is the Firm's invoicing/billing customizable to the Owner's needs? If so, are there any additional costs to doing so?

L. Explain the Firm's policy for pass through of penalties to the Owner.

M. The City is interested in utilizing advanced methods of collecting data, paying invoices, real time building/facility monitoring, etc. Please describe in detail how the Firm can provide this information electronically, in what format, via web, real time reporting and monitoring, etc. Indicate any additional costs associated for these services.

N. Pricing shall be submitted per dth.

O. Each scenario shall also include circumstances for overages and underages.

P. All pricing and proposals shall assume "floating index" not fixed rates.

4.3 Special Conditions & Provisions:

4.3.1 Owner reserves the right to request (and the selected service provider shall provide) corresponding Xcel billing statements at the Owner's discretion, at any time.

4.3.2 Offeror shall be authorized by the State of Colorado to sell and distribute natural gas in the state of Colorado including Mesa County and have an established agreement with Xcel Energy to provide such services.

4.3.3 Offeror shall perform all functions and tasks related to nominations of natural gas required for any and all buildings/facilities that may be awarded by the City.

4.3.4 Offeror shall provide monthly invoicing/billing that is broken down in a manner which clearly states the costs, charges, and fees associated with the transport services for natural gas, as allocated to each building/facility.

4.3.5 Offeror shall assign a single point of contact/account representative for each entity, for resolving any issues and addressing any questions related to contract(s) and the services provided.

4.3.6 The Owner reserves the right to award in the entity's best interest, including split awards by entity and/or building/facility. Contracts shall be awarded per building/facility for each entity.

4.3.7 Offeror shall be forthcoming with any cost savings measures that may be of benefit to the Owner, to include the addition or reductions of any buildings/facilities. Owner shall have the final decision over all matters pertaining to possible cost saving measures.

4.3.8 Offeror shall agree to apply any rates contracted with the Owner through this RFP to any buildings/facilities that the Owner chooses to add 3rd party natural gas services to at a later date.

4.3.9 The Owner reserves the right to establish or convert any building/facility from a “floating index” to a “fixed” rate at its discretion and shall be allowed to select the day of the month to set the per dth price, and to lock that price for a specified time determined by the Owner.

4.3.10 All invoicing/billing shall contain detailed breakdowns of Xcel pass through charges, detailed breakdowns of 3rd party natural gas services charges, and show a comparison of savings/non-savings between the two. Invoicing/billing shall also show a comparison of savings/non-savings between 3rd party charges for gas and transportation as compared with charges for the same volume of gas if purchased directly from Xcel Energy under its sales rates.

4.3.11 Current Facilities: The following is a table of current facilities using the Service of a 3rd Party Natural Gas Service. Attachment 1 lists these facilities and the dth usages shown are considered estimates only for each.

Facility	Meter
City Hall	1298873
Orchard Mesa Pool	10008276
Two Rivers Convention Center	1309007
Persigo Sludge Processing	10004154
USS Operations	10011327
2145 River Rd Persigo Wastewater	GJ12297
Service Center Fleet	10003425
CNG Fuel Site	10005474
Avalon Theater	10008515
Tiara Rado Ops	20896292
Public Safety Building	10006369

4.4 Term of Contract: The City of Grand Junction initial contract(s) shall be May 1, 2023 – December 31, 2023. The awarded Firm and Owner agree that this Proposal or subsequent contract may, upon mutual agreement of the Firm and the Owner be extended under the terms and conditions of the contract for three (3) additional, one (1) year contract renewal periods, contingent upon the applicable fiscal year funding. Should the City choose to renew any contract periods, each renewal shall be for a calendar year from January 1st – December 31st.

4.5 Attached Documents: Click Links for Access
Attachment 1 Natural Gas Usage 2021 and 2022
<http://trimview.gjcity.org/?=SOLDOC/25362>

4.6 RFP Tentative Time Schedule:

- Request for Proposal available: January 24, 2023
- Inquiry deadline, no questions after this date: February 13, 2023
- Addendum Posted: February 14, 2023
- Submittal deadline for proposals: February 23, 2023
- Owner evaluation of proposals: Feb 24-Mar 1, 2023
- Interviews (if required) March 8, 2023
- Final selection: March 10, 2023
- City Council Approval April 5, 2023
- Contract execution: April 7, 2023
- Services begins no later than May 1, 2023

4.7 Questions Regarding Scope of Services:

Dolly Daniels, Senior Buyer
dollyd@gjcity.org

SECTION 4.0: PREPARATION AND SUBMITTAL OF PROPOSALS

Submission: *Each proposal shall be submitted in electronic format only, and only through the Rocky Mountain E-Purchasing website (www.bidnetdirect.com/colorado).* *This site offers both “free” and “paying” registration options that allow for full access of the Owner’s documents and for electronic submission of proposals. (Note: “free” registration may take up to 24 hours to process. Please Plan accordingly.)* Please view our “**Electronic Vendor Registration Guide**” at <https://co-grandjunction.civicplus.com/501/Purchasing-Bids> for details. (Purchasing Representative does not have access or control of the vendor side of RMEPS. If website or other problems arise during response submission, vendor **MUST** contact RMEPS to resolve issue prior to the response deadline **800-835-4603**). For proper comparison and evaluation, the City requests that proposals be formatted as directed in Section 5.0 “Preparation and Submittal of Proposals.” Offerors are required to indicate their interest in this Project, show their specific experience and address their capability to perform the Scope of Services in the Time Schedule as set forth herein. For proper comparison and evaluation, the Owner requires that proposals be formatted **A to I**:

- A. Cover Letter:** Cover letter shall be provided which explains the Firm’s interest in the project. The letter shall contain the name/address/phone number/email of the person who will serve as the Firm’s principal contact person and shall identify individual(s) who will be authorized to make presentations on behalf of the Firm. The statement shall bear the signature of the person having proper authority to make formal commitments on behalf of the Firm. By submitting a response to this solicitation, the Firm agrees to all requirements herein.
- B. Qualifications/Experience/Credentials:** Offerors shall provide its qualifications for consideration as a professional services provider to the City of Grand Junction and include prior experience in similar projects.
- C. Strategy and Implementation Plan:** Describe the Firm’s interpretation of the Owner’s objectives with regard to this Request For Proposal. Describe the proposed strategy and/or plan for achieving the objectives of this Request For Proposal. The Firm may utilize a written

narrative or any other printed technique to demonstrate its ability to satisfy the Scope of Services.

- D. **References:** A minimum of three (3) **references** with name, address, telephone number, and email address that can attest to the firm's experience in projects of similar scope and size.
- E. **Scope of Services Response Form:** Offeror shall complete and submit the attached Scope of Services Response Form with its proposal.
- F. **Solicitation Response Form:** Offeror shall complete and submit the attached Solicitation Response Form with its proposal.
- G. **Pricing:** Offeror shall provide and submit a complete list of costs/pricing using the attached Scope of Services Response Form. Pricing shall be provided as per Section 4 Scope of Services.
- H. **Financial Statements:** Should an Offeror be selected for an interview; the City may request the Offeror to provide a financial statement. Any financial statement would be required to be prepared by a certified public accountant, for its prior fiscal year, consisting of a balance sheet, profit and loss statement and such other financial statements as may be appropriate, which shall demonstrate that the Offeror possesses adequate financial ability and stability to enable the Offeror to fulfill its obligations under the terms of this Request For Proposal. If requested by the Offeror, such information shall be treated as confidential by the Owner and shall not be subject to public disclosure. These documents must depict the financial status of that entity, subsidiary, division, or subdivision thereof, which will provide services. If the Offeror is a partnership of joint venture, individual financial statements must be submitted for each general partner or joint venture thereof. Consolidated balance sheets and profit/loss statements depicting the financial status of a Parent Corporation or joint venture shall not be considered an acceptable response.
- I. **Additional Data (optional):** Provide any additional information that will aid in evaluation of the Firm's qualifications with respect to this project.

SECTION 5.0: EVALUATION CRITERIA AND FACTORS

- 5.1 **Evaluation:** An evaluation team will review all responses and select the proposal(s) that best demonstrate the capability in all aspects to perform the Scope of Services and possess the integrity and reliability that will ensure full faith and full performance.
- 5.2 **Intent:** Only Offerors who meet the qualification criteria will be considered. Therefore, it is imperative that the submitted proposal clearly indicate the Firm's ability to provide the Services.

Submittal evaluations will be done in accordance with the criteria and procedure defined herein. The Owner reserves the right to reject any and all portions of proposals and take into consideration past performance. The following parameters will be used to evaluate the submittals **(with weighted values)**:

The following collective criteria shall be worth 65%

- **Responsiveness of Submittal to the RFP (15)**
(Firm has submitted a proposal that is fully comprehensive, inclusive, and conforms in all respects to the Request for Proposals (RFP) and all of its requirements, including all forms and substance.)
- **Understanding of the Project and Objectives (15)**
(Firm's ability to demonstrate a thorough understanding of the City's goals pertaining to this specific project.)
- **Experience (15)**
(Firm's proven proficiency in the successful completion of similar projects.)
- **Strategy & Implementation Plan (20)**
(Firm has provided a clear interpretation of the City's objectives in regard to the project, and a fully comprehensive plan to achieve successful completion. See Section 5.0 Item C. – Strategy and Implementation Plan for details.)

The following criteria shall be worth 35%

- * **Fees (50)**

Owner reserves the right to take into consideration past performance of previous awards/contracts with the Owner of any vendor, Firm, supplier, or service provider in determining a final award(s), if any.

The Owner may undertake negotiations with the top-rated Firm and will not negotiate with lower rated Firms unless negotiations with higher rated Firms have been unsuccessful and terminated.

5.3 Oral Interviews: The Owner reserves the right to invite the most qualified rated Offeror(s) to participate in oral interviews, if needed.

5.4 Award: Firms shall be ranked or disqualified based on the criteria listed in Section 6.2. The Owner reserves the right to consider all of the information submitted and/or oral presentations, if required, in selecting the project Firm.

SECTION 6.0: SOLICITATION RESPONSE FORM
RFP-5165-23-DD "3rd Party Natural Gas Services for the City of Grand Junction"

Offeror must submit entire Form completed, dated, and signed.

The Owner reserves the right to accept any portion of the Services to be performed at its discretion.

The undersigned has thoroughly examined the Request for Proposal and submits the proposal and schedule of fees and services attached hereto.

This offer is firm and irrevocable for sixty (60) days after the time and date set for receipt of proposals.

The undersigned Offeror agrees to provide services and products in accordance with the terms and conditions contained in this Request for Proposal and as described in the Offeror's proposal attached hereto; as accepted by the Owner.

Prices in the proposal have not knowingly been disclosed with another provider and will not be prior to award.

- Prices in this proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition.
- No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- The individual signing this proposal certifies they are a legal agent of the Offeror, authorized to represent the Offeror and is legally responsible for the offer with regard to supporting documentation and prices provided.
- Direct purchases by the City of Grand Junction are tax exempt from Colorado Sales or Use Tax. Tax exempt No. 98-903544. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices.
- City of Grand Junction payment terms shall be Net 30 days.
- Prompt payment discount of _____ percent of the net dollar will be offered to the Owner if the invoice is paid within _____ days after the receipt of the invoice. The Owner reserves the right to consider any such discounts when determining the bid award that are no less than Net 10 days.

RECEIPT OF ADDENDA: the undersigned Firm acknowledges receipt of Addenda to the Solicitation, Specifications, and other Contract Documents. State number of Addenda received: _____

It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

Company Name – (Typed or Printed) Authorized

Agent – (Typed or Printed)

Authorized Agent Signature

Phone Number

Address of Offeror

E-mail Address of Agent

City, State, and Zip Code

Date

SECTION 6.0: SOLICITATION RESPONSE FORM

RFP-5165-23-DD "3rd Party Natural Gas Services for the City of Grand Junction"

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It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

Company Name – (Typed or Printed) Authorized

Agent – (Typed or Printed)

Authorized Agent Signature

Phone Number

Address of Offeror

E-mail Address of Agent

City, State, and Zip Code

Date



NOTICE OF AWARD

Date: April 6, 2023
Company: A M Gas Marketing Corp.
Project: 3rd Party Natural Gas Services RFP-5165-23-DD

You have been awarded the City of Grand Junction Contract for the 3rd Party Natural Gas Services RFP-5165-23-DD for a unit rate of Five and 40/100 Dollars (\$5.40) plus Firm's fee rate of 15/100 Dollars (\$0.15) per dth and expected hedging costs of 25/100 Dollars (0.25) per dth.

Please notify Kyle Coltrinari, General Services Manager at 970-254-3889 or kylec@gjcity.org for project scheduling and return to the City Purchasing Division an acknowledged copy of this Notice of Award, signed Contract and Insurance Certificate, as per the contract documents.

CITY OF GRAND JUNCTION, COLORADO

DocuSigned by:

Duane Hoff Jr.

Duane Hoff, Jr. Contracts Administrator

SUPPLIER ACKNOWLEDGEMENT

Receipt of this Notice to Award is hereby acknowledged:

Company: A M Gas MARKETING Corp.
By: *Barton Levin*
Title: President
Date: 4/8/2023

**A M GAS MARKETING CORP.
225 Union Street, Suite 200
Lakewood, CO 80228**

(970) 704-0866

blevin@amgasco.com

February 23, 2023

Ms. Dolly Daniels
Senior Buyer
City of Grand Junction, Colorado
250 N. 5th Street
Grand Junction, CO 81501

RE: RFP-5165-23-DD, 3rd Party Natural Gas Services

Dear Ms. Daniels:

A. Cover Letter. This cover letter is being submitted as requested to satisfy the condition of Paragraph 4.0.A of RFP-5165-23-DD, 3rd Party Natural Gas Services.

A M Gas Marketing Corp. ("AMGAS") was the third-party natural gas supplier to the City of Grand Junction 2002-20. Our interest in this project is to provide natural gas services to the City of Grand Junction with the same reliability as Xcel Energy, but at a reduced cost for the facilities we serve.

AMGAS has served Western Colorado natural gas customers since 1995. We are wholly owned by United Energy Trading, LLC, a subsidiary of United Energy Corporation, which has a net worth of \$500 million. The United Energy Annual report is attached as part of this proposal. United Energy Trading companies serve more than 30,000 natural gas end-users and deliver about two million dekatherms daily.

In this turbulent natural gas market, size is important.

Principal contact person:

Barton J. Levin
President
A M Gas Marketing Corp.
225 Union Blvd, Suite 200
Lakewood, CO 80228
Phone: 790-704-0866
Email: blevin@amgasco.com

Bart founded AMGAS in 1995. Prior to that time, he was president and chief operating officer of a large public corporation engaged in transportation and commodity trading. He holds an MBA in finance from the University of Chicago and is a Certified Public Accountant (CPA).

This proposal, including this cover letter and all attachments, constitutes a binding offer of proposer to satisfy all terms of the RFP, except for any specifically noted exceptions.

Very truly yours,

A handwritten signature in black ink that reads "Barton J. Levin". The signature is written in a cursive style with a large, stylized initial 'B'.

Barton J. Levin
President

RESPONSE TO REQUIREMENTS OF SECTION 4.0:
PREPARATION AND SUBMITTAL OF PROPOSALS

- B. Qualifications/Experience/Credentials: Since 1995, AMGAS has supplied natural gas to more than 100 large commercial natural gas users in Western Colorado. During that time, no customer of AMGAS has received less than the amount of gas they required. AMGAS is wholly owned by United Energy Trading, LLC, a subsidiary of United Energy Corporation, which has a net worth of \$500 million. The United Energy Annual report is attached as part of this proposal. **In this turbulent natural gas market, size is important.**
- C. Strategy and Implementation Plan: Upon award of a contract, AMGAS will continue to serve all facilities specified by Owner. Additionally, during negotiations or upon or after award of contract AMGAS and Owner may select additional facilities to be served by AMGAS under the contract.
- AMGAS would propose to serve all of Owners' facilities currently being served or using more than 1000 decatherms (dt) per year and served by PSCO, provided that the costs of establishing and maintaining communications to the facilities' meters are reasonable. AMGAS expects to bear the cost of any additional phone line installation (up to \$500 per facility). Owner will be responsible for phone line maintenance and costs.
- D. References:
- Eric Anderson
Mesa County Valley School District No. 51
970-254-5208
- Terry Schmidt
Grand River Hospital
970-625-6584
- Keegan Pfeiffer
Colorado Mesa University
970-248-1311
- E. Scope of Services Response Form: Completed and attached.
- F. Solicitation Response Form: Completed and attached.
- G. Pricing: See attached proposal pricing forms.
- H. Financial Statements are attached.
- I. Additional Information: Additional Scope of Services information is attached under the heading of Scope of Services Addendum.

SECTION 6.0: SOLICITATION RESPONSE FORM
RFP-5165-23-DD "3rd Party Natural Gas Services for the City of Grand Junction"

Offeror must submit entire Form completed, dated, and signed.

The Owner reserves the right to accept any portion of the Services to be performed at its discretion.

The undersigned has thoroughly examined the Request for Proposal and submits the proposal and schedule of fees and services attached hereto.

This offer is firm and irrevocable for sixty (60) days after the time and date set for receipt of proposals.

The undersigned Offeror agrees to provide services and products in accordance with the terms and conditions contained in this Request for Proposal and as described in the Offeror's proposal attached hereto; as accepted by the Owner.

Prices in the proposal have not knowingly been disclosed with another provider and will not be prior to award.

- Prices in this proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition.
- No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- The individual signing this proposal certifies they are a legal agent of the Offeror, authorized to represent the Offeror and is legally responsible for the offer with regard to supporting documentation and prices provided.
- Direct purchases by the City of Grand Junction are tax exempt from Colorado Sales or Use Tax. Tax exempt No. 98-903544. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices.
- City of Grand Junction payment terms shall be Net 30 days.
- Prompt payment discount of -0- percent of the net dollar will be offered to the Owner if the invoice is paid within days after the receipt of the invoice. The Owner reserves the right to consider any such discounts when determining the bid award that are no less than Net 10 days.

RECEIPT OF ADDENDA: the undersigned Firm acknowledges receipt of Addenda to the Solicitation, Specifications, and other Contract Documents. State number of Addenda received: -0-

It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

A M Gas Marketing Corp.
Company Name – (Typed or Printed) Authorized


Authorized Agent Signature

225 Union Street, Suite 200
Address of Offeror

Lakewood, CO 80228
City, State, and Zip Code

Barton J Levin
Agent – (Typed or Printed)

970-704-0866
Phone Number

blevin@amgassco.com
E-mail Address of Agent

February 23, 2023
Date

Scope of Services Response Form

Scenario 1: Assume single meter with a monthly usage of 500 decatherms (assume TFL and Peak Day Quantity of 20dth). Also, include cost/refund for overages and underages, assume 200 dekatherms over and under. Use the Northwest Pipeline Corp. Rocky Mountains Index Price for January 13, 2022 for all calculations. (Reference Section 4.2 Item "N" "O" and "P")

List/Describe all Xcel pass through charges		Price per dth	Cost Overages	Cost Underages
Service and facility Charge	\$67.8800	67.88	0.00	0.00
Firm Capacity Reservation Charge	\$11.0000	220.00	0.00	0.00
Transportation Charge	\$0.2759	137.95	55.18	(55.18)
Pipeline System Integrity Adjustment	\$0.0000	0.00	0.00	0.00
Gas Cost Adjustment	\$0.0420	21.00	8.40	(8.40)
General Rate Schedule Adjustments	35.10%	149.47	19.37	(19.37)
TOTAL Xcel		596.30	82.95	(82.95)
List/Describe all 3rd party service/commodity charges		Price per dth	Cost Overages	Cost Underages
Natural Gas	\$4.65	2,325.00	930.00	(930.00)
Fuel Loss	1.75%	41.41	16.56	(16.56)
TOTAL 3rd Party		2,366.41	946.56	(946.56)
GRAND TOTAL		2,962.71	1,029.51	(1,029.51)
Additional Information:				
No two-tier pricing				
NWROX Jan13 \$4.50				
Margin \$0.15				

Scope of Services Response Form

Scenario 2: Assume single meter with a monthly usage of 1,000 decatherms (assume TFL and Peak Day Quantity of 40dth). Also, include cost refund for overages and underages, assume 200 dekatherms over and under. Use the Northwest Pipeline Corp. Rocky Mountains Index Price for January 13, 2022 for all calculations. (Reference Section 4.2, Item "N", "O", and "P")				
List/Describe all Xcel pass through charges		Price per dth	Cost Overages	Cost Underages
Service and facility Charge	\$67.8800	67.88	0.00	0.00
Firm Capacity Reservation Charge	\$11.0000	440.00	0.00	0.00
Transportation Charge	\$0.2759	275.90	55.18	(55.18)
Pipeline System Integrity Adjustment	\$0.0000	0.00	0.00	0.00
Gas Cost Adjustment	\$0.0420	42.00	8.40	(8.40)
General Rate Schedule Adjustments	35.10%	275.11	19.37	(19.37)
TOTAL Xcel		1,100.89	82.95	(82.95)
List/Describe all 3rd party service/commodity charges		Price per dth	Cost Overages	Cost Underages
Natural Gas	\$4.65	4,650.00	930.00	(930.00)
Fuel Loss	1.75%	82.82	16.56	(16.56)
TOTAL 3rd Party		4,732.82	946.56	(946.56)
GRAND TOTAL		5,833.71	1,029.51	(1,029.51)
Additional Information:				
No two-tier pricing				
NWROX Jan13 \$4.50				
Margin \$0.15				

Scope of Services Response Form

Scenario 3: Assume single meter with a monthly usage of 1,500 decatherms (assume TFL and Peak Day Quantity of 50dth). Also, include cost/refund for overages and underages, assume 200 dekatherms over and under. Use the Northwest Pipeline Corp. Rocky Mountains Index Price for January 13, 2022 for all calculations. <Reference Section 4.2, Item "N", "O", and "P">

List/Describe all Xcel pass through charges		Price per dth	Cost Overages	Cost Underages
Service and facility Charge	\$67.8800	67.88	0.00	0.00
Firm Capacity Reservation Charge	\$11.0000	550.00	0.00	0.00
Transportation Charge	\$0.2759	413.85	55.18	(55.18)
Pipeline System Integrity Adjustment	\$0.0000	0.00	0.00	0.00
Gas Cost Adjustment	\$0.0420	63.00	8.40	(8.40)
General Rate Schedule Adjustments	35.10%	362.14	19.37	(19.37)
TOTAL Xcel		1,456.87	82.95	(82.95)
List/Describe all 3rd party service/commodity charges		Price per dth	Cost Overages	Cost Underages
Natural Gas	\$4.65	6,975.00	930.00	(930.00)
Fuel Loss	1.75%	124.24	16.56	(16.56)
TOTAL 3rd Party		7,099.24	946.56	(946.56)
GRAND TOTAL		8,556.10	1,029.51	(1,029.51)

Additional Information:

No two-tier pricing

NWROX Jan13 \$4.50

Margin \$0.15

Scope of Services Response Form

Scenario 4: Assume single meter with a monthly usage of 2,000 decatherms (assume TFL and Peak Day Quantity of 70dth). Also, include cost/refund for overages and underages, assume 200 dekatherms over and under. Use the Northwest Pipeline Corp. Rocky Mountains Index Price for January 13, 2022 for all calculations. (Reference Section 4.2, Item "N", "O", and "P")

List/Describe all Xcel pass through charges		Price per dth	Cost Overages	Cost Underages
Service and facility Charge	\$67.8800	67.88	0.00	0.00
Firm Capacity Reservation Charge	\$11.0000	770.00	0.00	0.00
Transportation Charge	\$0.2759	551.80	55.18	(55.18)
Pipeline System Integrity Adjustment	\$0.0000	0.00	0.00	0.00
Gas Cost Adjustment	\$0.0420	84.00	8.40	(8.40)
General Rate Schedule Adjustments	35.10%	487.78	19.37	(19.37)
TOTAL Xcel		1,961.46	82.95	(82.95)
List/Describe all 3rd party service/commodity charges		Price per dth	Cost Overages	Cost Underages
Natural Gas	\$4.65	9,300.00	930.00	(930.00)
Fuel Loss	1.75%	165.65	16.56	(16.56)
TOTAL 3rd Party		9,465.65	946.56	(946.56)
GRAND TOTAL		11,427.11	1,029.51	(1,029.51)
Additional Information:				
No two-tier pricing				
NWROX Jan13 \$4.50				
Margin \$0.15				

SCOPE OF SERVICES ADDENDUM
Responses to Questions in Sections 4.2 of the RFP

- 4.2.A All pricing shall be calculated in dekatherms/decatherms (dth/dt). Agreed.
- 4.2.B Describe how your calculations for billing are calculated (daily or monthly). Monthly.
- 4.2.C Pass through costs shall be “true” and shall not include or contain any additional mark-up charges. Agreed.
- 4.2.D-E. Electronic metering. Electronic metering is required by Xcel Energy for transport service and is provided by Xcel Energy with no upfront charge. However, monthly customer charges for transport service may be higher than for bundled sales service. The customer is required to install and maintain a phone line to the electronic meter head to allow the meter to communicate with Xcel Energy’s central computer. AMGAS will pay reasonable costs for phone line installation to any additional meters Owner wishes to place on transport service (up to \$500 per facility). Owner will be responsible for maintenance of and any monthly charges for these phone lines. It may be possible to piggyback the meter phone line onto another phone line, or to use VOIP to support the electronic metering.

The electronic metering provides daily usage information by meter on an Xcel Energy website. This information will be made available to Owner on request. Additionally, hourly usage information is reported by the electronic meters to the Xcel Energy central computer and can be made available to Owner for special studies.

- 4.2.F. Explain (in detail) your pricing structure. Does it contain two tier pricing?

Index price without two tier pricing based on Northwest Pipeline Rocky Mountain Index as published in Inside FERC’s Gas Market Report, first-of-month edition (“NWROX”).

NWROX plus \$.15 (“Margin”) per dth plus Pipeline Fees plus Xcel Energy specified fuel loss at same price.

Prices will apply to all gas consumed by Customer. No two tier pricing.

Owner can convert Index pricing to fixed pricing for any or all facilities at any time with reasonable notice. AMGAS has real-time

access to all relevant futures market prices for purposes of determining optimal pricing strategies.

- 4.2.G. Describe (in detail) how you handle and bill for “overages” and “underages” usage. AMGAS will provide all gas required by Owner at the contract price. There will be no overages or underages.
- 4.2.H. Do you use Spot Pricing in your calculations? No, only monthly index or fixed prices.
- 4.2.I. Include example contracts and your “terms and conditions”. Attached as Exhibit SC.
- 4.2.J. Include example invoicing/billing. Attached as Exhibit SIB.
- 4.2.K. Is your invoicing/billing customizable to the Owner’s needs? Yes. If so, are there any additional costs to doing so? Probably not.
- 4.2.L. Explain your policy for pass through of penalties to Owner. If Xcel Energy declares an Operational Flow Order (“OFO”) and if the aggregate gas used by all Owners’ meters during the OFO exceeds the daily average amount of gas specified by Owner multiplied by the number of days that the OFO is in effect, any such gas will be billed at the rates plus penalties specified by Xcel Energy for such OFO plus margin. Responder will use the “Natural Gas Use Average per Month 2021-22” as provided by Owner as the daily average amount of gas specified, or other information subsequently provided by Owner at any reasonable time in advance of any OFO. The only other penalties we would pass through are those occasioned by the actions of Owner, such as failure to promptly correct communications problems.
- 4.2.M. Owner is interested in utilizing advanced methods of collecting data, paying invoicing, real time building/facility monitoring, etc. Please describe in detail how your company can provide this information electronically, in what format, via web, real time reporting and monitoring, etc. Indicate any additional costs associated for these services. AMGAS can provide daily usage information by meter. AMGAS can initiate or receive electronic payments. AMGAS will endeavor to supply whatever data and monitoring Owner may request, at minimal or no expense.
- Alternatively, Owner can contract directly with Xcel Energy for delivery of gas. Doing so would give owner direct access to all data provided by or available from Xcel, including hourly gas usage data. Responder would still act as agent for purposes of nominations and all other aspects of gas delivery.
- 4.2.N-O. Please see attached Scope of Services Response Forms. There will be no overages or underages.

4.2.P. Owner shall, with reasonable notice, have the option during the term of any agreement to convert any or all facilities to a mutually agreed fixed price.

AM GAS MARKETING CORP.
970/704-0866 direct
303/484-3395 fax

Post Office Box 7941
Aspen, Colorado 81612-7941

Natural Gas Purchase Agreement

Customer: _____

Address: _____

Telephone: (____) _____ Contact: _____

I. The company or individual identified above, hereinafter called Customer, enters into this agreement with AM Gas Marketing Corporation, hereinafter called AMGAS, to serve as the sole supplier of natural gas to Customer for the term of this agreement.

II. AMGAS has entered into (1) gas supply agreements with certain natural gas suppliers, hereinafter collectively called Suppliers, and (2) a Service Agreement with Public Service Company of Colorado, hereinafter called Transporter, for the purpose of natural gas distribution transportation on a non-interruptible basis.

III. Customer agrees to receive gas supplied by Suppliers and transported to Customer by Transporter. Title to gas shall pass to Customer at the Delivery Point specified in the attached Exhibit "A", which is a part of this agreement. AMGAS shall bear and be responsible for the payment of all costs, fees and charges associated with delivering gas hereunder to the Delivery Point. Customer shall bear and be responsible for the payment of all costs, fees and charges incurred after delivery of the gas at the Delivery Point.

IV. CHARGES. The price and terms for gas purchases shall be as specified in the attached Natural Gas Purchase Agreement Confirmation Order (Exhibit "A"). Customer agrees to pay to AMGAS within ten (10) days of receipt of invoice charges for gas, transportation and applicable sales taxes. AMGAS may require payment by automatic electronic payment or cancel this Agreement if customer fails to make payment on a timely basis.

V. AGENCY. Customer appoints AMGAS as Customer's agent for the purpose of executing or amending the agreements referenced in Paragraph II above.

VI. TERM. The term of this agreement shall commence on the date specified in Exhibit "A", remain in effect for the term specified in Exhibit "A", and shall be renewed for consecutive terms upon agreement between the parties as to succeeding Confirmation Orders (Exhibit A).

VII. COOPERATION. Customer shall give its full cooperation to AMGAS in the performance of its obligations as described herein, including providing AMGAS with gas bills, statements, and other requested information and documentation on a timely basis.

VIII. DISPUTES. In the event of dispute, the prevailing party shall be awarded reasonable attorney's fees.

IX. CONFIDENTIALITY. The terms of this agreement, including but not limited to the price paid for gas, the identified transporting pipelines and cost of transportation, and all other material terms of this Agreement except for volumes of gas purchased or sold shall be kept confidential by the parties hereto, except to the extent that any information must be disclosed to a third party for the purpose of effectuating transportation of the subject gas pursuant to the Agreement, or for conducting internal business.

Agreed to and Accepted: _____, 20____

AM GAS MARKETING CORP.

CUSTOMER

By: Barton J. Levin

By: _____

As: _____

EXHIBIT "A"
Natural Gas Purchase Agreement
CONFIRMATION ORDER

Date: _____

This Confirmation Order is made a part of and is subject to all of the terms and conditions set forth in that certain Natural Gas Purchase Agreement dated _____ by and between A M Gas Marketing Corp. ("AMGAS") _____ ("Customer").

TERMS:

1. Order Period: August 1, 2019 through April 30, 2020 and shall be renewed for successive twelve-month periods unless cancelled by AMGAS or Customer at least thirty (60) days prior to any renewal date.
2. Quantity: As required for the _____ PSCO premise _____ meter _____ and successors.
3. Delivery Point: Customer's meter(s).
4. Price: \$ _____ per dekatherm dry, as delivered to AMGAS, plus transportation (commodity) and capacity reservation charges as per Public Service Company of Colorado Tariff (Colo. P.U.C. No. 6 Gas, and successor tariffs) plus pipeline fuel loss per PSCO tariff, priced as above.
5. Renewal Pricing Pricing for any period beyond the Order Period shall be the Northwest Pipeline Corp. Rocky Mountains Index Price, as reported in Inside F.E.R.C.'s Gas Market Report first of month posting for each month of delivery (NWROX Index), plus \$ _____ (Margin) per MMBTU dry, as delivered to AMGAS, plus all charges for delivery as per Public Service Company of Colorado Tariff (Colo. P.U.C. No. 6 Gas, and successor tariffs) plus pipeline fuel loss per PSCO tariff, priced as above
6. Pricing Option Customer may convert the Renewal Pricing above to a fixed price for a fixed period. The fixed price will approximate the weighted average (based on Customer's estimated usage in each month of the fixed period) of the NWROX Index as posted by Intercontinental Exchange (offer side) plus Margin plus hedging costs. AMGAS may delay the effective date of this Pricing Option until the first of the month following the date of notice of conversion _____

7. Terms: Invoices to be paid within ten (10) days of receipt. Late charges at the rate of 1.5% per month may be charged for late payment of invoices.

A M GAS MARKETING CORP.

By: Barton J Levin

By: _____

Title: President

Title: _____

EXHIBIT SIB

A M GAS MARKETING CORP.
 PO Box 733733
 Dallas, TX 75373-3733
 (970) 704-0866

CLIENT: CITY OF GRAND JUNCTION
 CNG Fuel Site
 Grand Junction, CO 81501

GAS TRANSPORT BILLING
 PERIOD: Oct-19

ACCOUNT: 1714M8 CNG Fuel Site
 INVOICE NO: 20191013
 TERMS: Net 10

You used 2067 decatherms (ten therms) per your meter(s)

Xcel charges passed through:

	<u>Unit</u>	<u>Rate/Factor</u>	<u>Total</u>
Rate Schedule TFL			
Firm Capacity Charge	158	\$6.75	\$1,066.50
Service & Facility Charge	1	\$72.00	\$72.00
Transportation Charge	2067	\$0.1854	\$383.22
Revenue Surcharges	\$1,521.72	\$0.1604	\$244.08
Pipeline System Integrity Adjustment	2067	\$0.4528	\$935.83
Gas Transport Cost Adj	2067	\$0.0420	\$86.81
Franchise Fee	\$2,788.44	0.00%	\$0.00
TOTAL XCEL TRANSPORTATION CHARGES			\$2,788.44

AMGAS Charges:

Natural Gas	2067	\$2.20	\$4,547.40
Fuel Loss	18	\$2.20	\$39.60
Sales Tax	\$7,375.44	0.00%	\$0.00
TOTAL AMGAS CHARGES			\$4,587.00

PLEASE REMIT: \$7,375.44

YOUR SAVINGS:

Your cost to purchase retail gas from Xcel @	\$3.3900 per decatherm	\$7,007.13
Rate Schedule CLG	Firm Capacity Charge	\$1,256.12
	Service & Facility Charge	\$76.70
	Franchise Fee	\$0.00
	Sales Tax	\$0.00
	Total Retail Cost	\$8,339.95
	Total AMGAS Cost	\$7,375.44
	Your savings:	\$964.51

**Energy Use
City of Grand Junction
1/2021 to 12/2022**

Natural Gas Use (Dth)

	City Hall	Orchard Mesa Pool	Two Rivers Convention Center	Persigo Sludge Processing	USS Operations	2145 River Road (WW Persigo)	Service Center Fleet	CNG Fuel Site	Avalon Theatre	Tiara Rado Ops	Public Safety Building	Total Monthly Usage
Meter	1298873	10008276	1309007	10004154	10011327	G112297	10003425	10005474	10008515	20896292	10006369	
Month												
01/2021	194	525	510	499	268	278	533	2,024	232	0	0	5,063
02/2021	141	424	436	370	180	195	332	1,882	128	0	0	4,088
03/2021	114	414	307	303	116	155	261	2,023	61	20	0	3,774
04/2021	70	283	145	175	54	91	109	2,167	31	53	0	3,178
05/2021	49	207	112	10	21	54	15	1,981	20	46	0	2,515
06/2021	19	107	94	0	4	19	3	2,614	0	29	0	2,889
07/2021	5	56	80	0	0	2	1	2,843	0	30	0	3,017
08/2021	25	86	73	0	2	1	0	2,542	45	30	297	3,101
09/2021	40	124	78	0	0	13	2	2,076	40	30	503	2,906
10/2021	87	282	221	140	75	96	124	1,891	106	51	530	3,603
11/2021	118	413	381	407	139	152	271	2,112	184	56	541	4,774
12/2021	178	567	534	509	253	249	484	2,307	270	69	676	6,096
Annual Total	1,040	3,488	2,971	2,413	1,112	1,305	2,135	26,462	1,117	414	2,547	45,004
Average Per Month	87	291	248	201	93	109	178	2,205	93	35	212	313
01/2022	200	586	679	527	278	301	539	2,227	312	65	767	6,481
02/2022	158	513	660	407	237	234	419	2,290	200	56	603	5,777
03/2022	118	483	450	295	140	176	288	2,584	148	55	542	5,279
04/2022	73	332	266	170	65	91	139	2,738	90	70	468	4,502
05/2022	52	228	154	27	9	48	40	2,418	46	60	529	3,611
06/2022	24	147	72	0	11	26	0	2,603	21	42	398	3,344
07/2022	5	84	41	0	14	17	0	2,283	31	39	368	2,882
08/2022	16	87	82	0	8	0	1	2,614	31	43	390	3,272
09/2022	38	151	115	0	17	3	1	2,242	32	45	464	3,108
10/2022	85	328	269	227	58	76	129	2,151	73	63	517	3,976
11/2022	128	321	360	454	161	178	476	2,266	171	64	583	5,162
12/2022	231	667	389	500	225	226	672	2,657	266	77	748	6,658
Annual Total	1,128	3,927	3,537	2,607	1,223	1,376	2,704	29,073	1,421	679	6,377	54,052
Average Per Month	94	327	295	217	102	115	225	2,423	118	57	531	375
Grand Total	2,168	7,415	6,508	5,020	2,335	2,681	4,839	55,535	2,538	1,093	8,924	99,056



UNITED ENERGY
CORPORATION

— *2021 Annual Report* —



About the cover photo

Two years ago, in August 2019, the wells pictured on the cover of this report were drilled by the Sinclair Oil Company. These wells were drilled on a seven well pad by way of a drilling rig that could walk 50 feet in an hour. The wells were drilled to the Bakken/Three Forks formations. They are in the Little Knife, Bakken Field in McKenzie County, ND. After these 20,000 foot wells were drilled and before they were completed, COVID-19 hit and the operator decided to put them into drilled and uncompleted (DUC) status.

Finally in September 2021, over two years after being drilled, these wells are being fracked and completed as crude oil prices have recovered sufficiently to produce them. This photo was taken September 25, 2021. Missouri River Royalty Corporation owns approximately a 20% working interest in these seven wells.



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Letter From the President and CEO

BY LOREN KOPSENG [PRESIDENT & CEO, UNITED ENERGY CORPORATION]



Our last business year July 1, 2020, to June 30, 2021, was POWERFUL for United Energy Corporation. It was financially another record year with GAAP net income of \$146.1 million compared to \$54.2 million for the year ending June 30, 2020. Gross profit for the current fiscal year was \$308.0 million compared to \$203.5 million the prior year and EBITDA was \$178.5 million for the year compared to \$90.4 million in fiscal year 2020. The companies continue to have a strong balance sheet with equity increasing to \$533 million compared to \$421 million the prior year. Equity was 96 percent

of capital and debt represented 4 percent of total capitalization on June 30, 2021. All this was accomplished right in the face of the COVID-19 pandemic.

Crude oil prices in our oldest company, Missouri River Royalty Corporation, started the year in July of 2020 in the low \$40.00 BPO range and ended June 30, 2021, at \$75.42 BPO. Natural gas had an even greater increase from July 2020 at \$1.495 MMBTU to \$3.16 MMBTU at the end of June 2021. We needed this boost in price as we have many other deductions like

	2021	2020	2019
Revenue	\$768,805,323	\$463,229,433	\$758,966,425
Gross Profit	\$307,994,922	\$203,542,667	\$257,101,681
Net Income	\$146,115,509	\$54,163,378	\$113,536,047
EBITDA	\$178,503,834	\$90,374,881	\$145,434,941

the negative regional crude basis due back to North Dakota and Montana plus operating costs and state production taxes. Things are greatly improving though for our energy production businesses, and we feel a tailwind now in this important sector. The health of the oil and gas business is being restored.

After our oil and gas operations, energy trading is certainly one of our great core businesses. Marketing electricity, natural gas, crude oil and refined products, our trading businesses go on all the time and usually go totally unnoticed by the general public, but it is an essential service we provide. We always try to have something to sell and to be in the trading arena and it's being in that arena where we see the opportunities. We try always to move in ways to protect our cherished owners' equity and rest assured, our risks are highly scrutinized. We may be too conservative at times but the flow of deals we look at are never ending it seems and there are other future deals to always look at too so there's no hurry. The thing that gets me most excited: 40-plus years in this industry and it is that I am still learning. I like that.

With the COVID-19 pandemic, I personally hated to see our offices in some of the companies empty with everyone working from home, but small bands of employees got together and used the time to collaborate and think deals through with others which were sort of "idea generation factories". I felt sorry for our new employees though as I know from past experiences, they need mentoring from people ahead of them and they often just learn through a sort of "osmosis" process. It is so important for new employees to feel the great culture

and connection that we have. It's sort of like a branding that these new hires miss out on without the office culture. We realize our future is in our employees and we want them to have the best support possible for their personal development. United Energy Trading which is based in Denver and other locations around the US and Canada, worked remotely almost the entire time and came back into the offices May 17, 2021. Tom Smith, who is the President of UET, did a nice job keeping the band together during this trying time.

Later in this report the people who made our record year possible will tell their stories, but I would like to highlight one of the significant successful accomplishments. Two of the founders of United Energy Trading who wanted to reduce their ownership positions in the company for various reasons offered some of their stock (not all) to employees they felt were promising for the company. In total 12 employees bought in and became owners January 1, 2021. It was a buy in on the employee's part and they worked for it. My hats off to the passionate sellers like Tom Williams, who gave up a lot to make it happen and to Ryan Kopseng, who had the idea to do it. Tom Williams as the founder of UET, definitely had the passion for UET and still does. Tom remains an owner, employee and director today. They sold to allow other employees to follow what they had created. Hopefully, we can duplicate this success in our other companies as employees retire and move onto other parts of their lives. I should note my family members and the Russell family, my long-time partners in United Energy Corporation, did not sell down their position and we plan to keep it that way going forward.

Looking forward, just a few things on what we are seeing in the energy transition. We are constantly being made aware of what's happening with climate change. I think the facts speak for themselves. There are many things we as people can do to help and our companies are gearing up to do what we can. Energy is an agent of wellbeing, and we cannot walk away from it. Energy enables our modern society and without it we digress to yesteryear. It is the prime mover for life as we know it. What we can do is try to clean it up and our companies are committed to do that. Occasionally, I look back and wonder if this is not all politically driven and a triumph of propaganda over logic—but then I see that the climate really is changing and we must do what we can. I think the burden in the beginning is with the governments to help reach these lofty goals. The Net Zero revolution has begun. We are grooming our businesses for a clean future. To this point, United Energy Trading has formed a division that is totally working climate change and environmental issues.

Lastly, I want to thank everyone who has faith and confidence in us to help us make results like we have happen. Super important to us are our banks who have always been there for us. In addition, our trade creditors believe in us too. Deloitte provides assurance on our financial results. Thanks to all my wonderful partners and employees who are the ones who really make all this happen. Every decision I am involved with I treat as a trustee for all those that have trusted me in the past. My gratitude and recognition always goes out to our fantastic employees who every day amaze me. In conclusion, there was a recent Warren Buffet quote I love that says, "In its brief 232 years of existence there has been no incubator for unleashing human potential like America. Despite some severe interruptions, our country's economic progress has been breathtaking. Our unwavering conclusion: Never bet against America."



LOREN KOPSENG [PRESIDENT & CEO]



About Us

UNITED ENERGY CORPORATION

Founded in 1984, United Energy Corporation (UEC) is a privately-owned corporation actively engaged in the acquiring, drilling, producing and the reworking of oil and natural gas properties primarily located in the Williston Basin region of North Dakota and Montana. With an exceptional record of safe and environmentally responsible operations, UEC has ownership in over 4,500 gross oil and natural gas wells and had net production of over 5,000 BOEPD (barrel oil equivalent per day) as of June 1, 2021.

UEC is a diversified energy company with four main operating subsidiaries that are managed under conservative business models. In brief, Missouri River Royalty Corporation (MRRRC) is the company's oil and gas producer. Rainbow Energy Marketing Corporation (REMC) is a wholesale power and gas marketer with a long history in the U.S. as well as in Canada, Mexico and Guatemala. They maintain a portfolio of successful asset management contracts that include services for load forecasting, system optimization and wholesale power and natural gas transactions. Rainbow Gas Company (RGC) is a regional marketer that supplies natural gas to commercial and industrial end-use customers located on the WBI Energy Transmission system and the Northwest Energy System. United Energy Trading, LLC (UET) markets natural gas across the U.S. and Canada. Along with natural gas, UET is active in marketing crude oil out of the Bakken, Niobrara-DJ and Permian formations to markets in the Midwest and Gulf Coast, along

with marketing of refined products from the Gulf Coast region to markets along the East Coast.

In the California, Michigan, Ohio, Nebraska and Wyoming deregulated natural gas markets, UET also markets natural gas to small end-use and retail customers under the names of Collective Energy, Kratos Gas and Power, and Uncle Frank Energy Services.

UEC is headquartered in Bismarck, North Dakota with affiliate offices in Calgary, Alberta; Regina, Saskatchewan; Columbus, Ohio; Denver, Colorado; Dublin, Ohio; Houston, Texas; Jacksonville, Florida; Kansas City, Kansas; Midland, Texas; Minneapolis, Minnesota; Salt Lake City, Utah; Seattle, Washington; Topeka, Kansas; Tulsa, Oklahoma; Wilmington, Delaware and Monterrey, Mexico. We invite you to visit our website for additional information on UEC.

UECORPORATION.COM

Financial and Credit Metrics

DOLLARS IN MILLIONS

2021

2020

2019

INCOME ITEMS

Revenues	\$768.81	\$463.22	\$758.96
Gross Profit	\$307.99	\$203.54	\$257.10
EBITDA	\$178.50	\$90.37	\$145.43
Net Income	\$146.12	\$54.16	\$113.54
Free Cash Liquidity* (Non GAAP measure)	\$612.06	\$372.41	\$343.53

BALANCE SHEET ITEMS

Cash	\$149.50	\$51.54	\$49.00
Total Assets	\$1,231.12	\$818.07	\$811.43
Long-Term Debt**	\$ -	\$ -	\$ -
UEC Stockholders' Equity	\$501.14	\$381.41	\$352.64

BANK LINES OF CREDIT

\$420.00

\$420.00

\$345.00

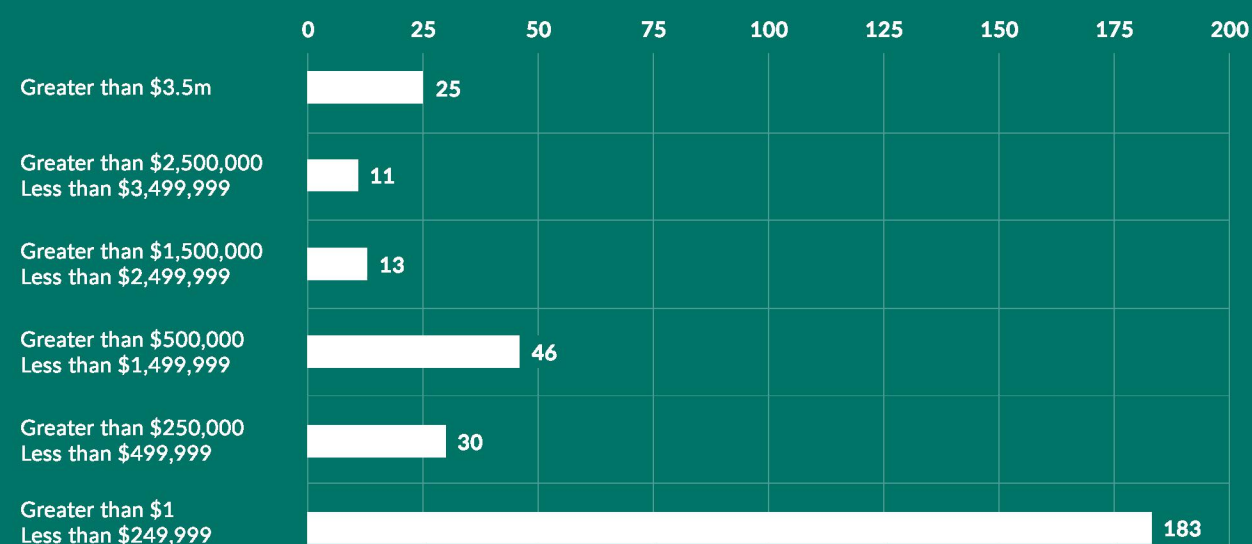
FINANCIAL RATIOS

Return on Assets	14.26	6.65	15.00
Return on Equity (Excluding non-controlling interests)	27.39	12.88	28.08
Current Ratio	1.59	1.71	1.54
Quick Ratio	1.28	1.39	1.25
Working Capital	\$399.07	\$268.14	\$222.38
Sales / Total Assets	0.62	0.57	0.94
Interest Coverage Ratio (EBITDA / Interest Expense)	162.65	46.31	81.89
Total Liabilities / Net Worth	1.31	1.04	1.21

*Free Cash Liquidity = (Cash + Cash Equivalents + Cash Flow from Operations + Unused Bank Revolver) - (Interest Expense + CAPEX + Debt Repayments)

**Long-Term Debt excludes PPP one time loan

Credit Concentration Analysis (NET RECEIVABLES OWED)



Major Subsidiaries

▶ MISSOURI RIVER ROYALTY CORPORATION // OIL & GAS PRODUCER / E&P

OFFICE	BISMARCK, NORTH DAKOTA
CUSTOMERS	Crude oil buyers, natural gas utilities and wholesale energy merchants.
BUSINESS	E&P company with proved and producing oil and natural gas reserves solely in the Williston Basin region of Montana and North Dakota.

▶ RAINBOW ENERGY MARKETING CORPORATION // WHOLESALE POWER AND NATURAL GAS MARKETING

OFFICES	BISMARCK, NORTH DAKOTA : HOUSTON, TEXAS : JACKSONVILLE, FLORIDA OVERLAND PARK, KANSAS : MINNEAPOLIS, MINNESOTA : MONTERREY, MEXICO TOPEKA, KANSAS : BRITISH COLUMBIA, CANADA
CUSTOMERS	Investor-owned utility companies, municipalities, cooperatives, wholesale power and gas marketers and large industrial and commercial end-users.
BUSINESS	Power marketing and wholesale natural gas; maintains a portfolio of asset management contracts that include services for load forecasting, system optimization and wholesale power transactions. Also, wholesales natural gas in markets in the Gulf, East and West coasts of the United States along with the Northern and Baja Regions of Mexico.

▶ RAINBOW GAS COMPANY // NATURAL GAS MARKETING

OFFICE	BISMARCK, NORTH DAKOTA
CUSTOMERS	Commercial and industrial end-use customers in a four-state region that includes: North Dakota, South Dakota, Montana and Wyoming.
BUSINESS	Regional natural gas marketer that supplies commercial and end-use customers located on the WBI Energy Transmission system. In business for 35 years.

▶ UNITED ENERGY TRADING, LLC // WHOLESALE AND RETAIL NATURAL GAS, CRUDE OIL AND REFINED PRODUCTS MARKETING

OFFICES	COLUMBUS, OHIO : DENVER, COLORADO : DUBLIN, OHIO : HOUSTON, TEXAS MIDLAND, TEXAS : SEATTLE, WASHINGTON : SALT LAKE CITY, UTAH TULSA, OKLAHOMA : WILMINGTON, DELAWARE : CALGARY, CANADA
CUSTOMERS	Municipalities, cooperatives, refineries and wholesale energy merchants, industrial end-user and retail customers.
BUSINESS	Wholesale and retail natural gas, crude oil, refined products and NGLs. UET provides services to optimize pricing, minimize risk and provide asset management services from well head down to all levels of business. UET creates solutions to supply natural gas and related risk management tools to industrial, wholesale and commercial consumers as well as providing retail natural gas services to residential and small business customers. UET markets natural gas in the U.S. and Canada on approximately 100 gas pipelines. UET purchases, transports, stores and sells over 1 million barrels of crude oil per day in all major U.S. oil fields helping to provide market liquidity.

▶ UNITED ENERGY TRADING CANADA, ULC // WHOLESALE NATURAL GAS MARKETING

OFFICE	CALGARY, ALBERTA, CANADA
CUSTOMERS	Oil & gas producers, investor-owned utility companies and wholesale energy merchants.
BUSINESS	Fully integrated natural gas marketing conducted in five states and six Canadian provinces on ten different gas pipelines.



2021 ANNUAL REPORT

Operating Reviews

While history has brought its share of uncertainty to the oil and gas industry, many opportunities presented themselves as well. Our leadership shares how United Energy Corporation and its subsidiaries have adapted with the changing industry.

Oil & Gas Exploration and Production

BY RYAN KOPSENG [PRESIDENT, MRRC]

Business conditions have improved dramatically since my last writing a year ago for the United Energy Corporation (UEC) annual report. At the time of the writing this year, WTI crude oil is \$72/Barrel, and NYMEX natural gas over \$5.00/MMBTU. With that said, our oil and production business unit is doing very well, and I expect business conditions to remain good as oil and gas prices continue to strengthen.

The statement above could surely be considered a bit bold in light of the political reality in America – and the thought that oil and gas are at the end of their respective life cycles. There is the belief that the combustion engine in cars will soon be totally replaced by batteries and jet engines that run on renewable fuel. While these goals of society may be reality in the future, it will be a long time before they occur. In the meantime, the world will continue to burn and remain reliant on oil and natural gas, and their derivative products. With that said, oil and gas production will be needed well into the future. And we plan to remain producers of the same.



A further belief of trouble for the industry is that after the last U.S. election cycle, and the sweeping victory of the Democrats in Washington, the domestic oil and gas industry became public enemy number one. Draconian campaign promises made by those in power aimed directly at the domestic oil and gas industry, coupled with the continuous post-election threats of increased adverse taxation and regulation are not positive for the health of the industry no doubt. While this has caused the industry to hunker down and await the new rules, the reality is that the only thing the political saber rattling has accomplished is less capital to flow to drilling more wells – and as a result, less supply.

Although vilifying oil and gas and the industry that supplies it remains a popular political narrative, it will have the opposite effect of what is intended. Prices will continue to go higher as the government interferes with domestic oil and gas supply. Also, the forced premature decommissioning of domestic thermal coal and nuclear power generation has and will further increase demand for natural gas that is already short in supply.

Having said the above, we remain well positioned to capitalize on what we see coming as we have a strong balance sheet, no debt, and great producing assets.

Our current production is about 5,000 barrels of oil equivalent (BOE) per day. Further, we have a large inventory of drilled but uncompleted wells (DUC's), and a large undeveloped oil and gas leasehold position for the future. As of June 1, 2021, our oil and gas reserves had total proved PV @ 10% of \$105,914,498 - with reserves of 5.8 million barrels of oil, and 13.3 BCF gas, as audited by Ryder Scott Company, L.P.

Rainbow Gas Company

BY JOLENE ERDMAN [PRESIDENT, RGC]



As I sit down to write an update and reflect on the past year, I am pleased to announce Rainbow Gas Company had another very successful year in the natural gas industry! We continue to grow and our focus remains the same, to maintain and build strong and lasting relationships. Our integrity and commitment to exceptional customer service ensures that we remain the supplier of choice.

We are a regional marketer and the largest non-utility commercial and industrial gas supplier on the WBI Energy Transmission system (WBI). We are a provider of transportation and storage services in the four state region of North and South Dakota, Montana and Wyoming. RGC offers our product and services to other marketers, producers and utilities on WBI and we supply gas into Northern Border, Colorado Interstate Gas, Northwestern Energy and Tallgrass Interstate Gas Transmission.

We remain committed to a conservative, low risk business model. We provide competitive

pricing via our hedged storage program, which minimizes risk to our existing markets in times of volatility. Our background and knowledge of doing business on this pipeline for 35 years allows our customers and producers to be confident in our ability to deliver and fulfill all contractual obligations.

RGC continues to operate our business with internally generated cash flow and had no funded debt at fiscal year-end, though our company has the security of \$70 million corporate bank facility for liquidity. The credit quality of our commercial and industrial accounts remains sound, and we reported no financial losses. Our investments in ND oil and gas wells have proven profitable, as we currently own interest in 70 wells in the Bakken.

As we look back over the years with pride in our accomplishments, we look to the future with optimism for continued success. Our loyal customers are the foundation of our business, and we are thankful for their continued support.

Rainbow Energy Marketing Corporation

BY STACY TSCHIDER [PRESIDENT, REMC]

The recent year's complexities were like no other, while balancing unprecedented COVID challenges energy markets faced extreme weather and pricing volatility. The most difficult times reveal true character of companies. The Rainbow Energy Marketing Corporation (REMC) group of companies successfully navigated these hardships with resilience and perseverance by adapting and evolving our strategies – resulting in our best financial performance on record, hitting a net income of \$74 million.

Rainbow Energy Center & Nexus Line

Rainbow Energy Center and Nexus Line are the newest additions to the REMC group of companies. We made strong progress toward diversifying vertically with ownership in two investments: a 1,151 MW power plant and 436 mile high voltage direct current (HVDC) transmission line in the upper Midwest. These acquisitions will not only

pave the way in leading edge carbon capture and storage technology, but more importantly save over 600 jobs with an estimated impact of \$1.5 billion in our local communities. Evaluating future prospects to increase the monetization of the HVDC line, we are assessing renewable energy projects in wind and solar development.

Rainbow Energy Marketing Corporation

REMC's highly skilled wholesale power, natural gas traders and asset managers specialize in physical and financial products: spot prices, forwards, futures, options and derivatives (CFDs, virtuals and UTCs). Supported by complex software programs and an experienced in-house meteorologist, we continuously strive to position our teams with access to market leading data to provide the intelligence needed to make critical decisions to maximize their portfolios. We operate 24/7 across all energy markets in the United States, Canada, and Mexico.



JEFF JONSON
EXECUTIVE VICE-PRESIDENT OF MARKETING, REMC

STACY TSCHIDER
PRESIDENT, REMC

JOE WOLFE
EXECUTIVE VICE-PRESIDENT OF OPERATIONS, REMC

KJ COGHLAN
DIRECTOR, REAL TIME DESK

Our team of Asset Management professionals' experience and preparedness during extreme weather and volatile pricing periods enabled us to optimize client portfolios by increasing revenues 24% over the previous fiscal year. We continue to maintain a strong services portfolio customized to ensuring our clients' success.

We are proud to highlight the Real Time, ERCOT, West and Southeast power trading groups delivering their best profit since our inception. Tested amidst a year facing never before seen risks, we maximized positions by working together to drive greater collaboration and synergies across real time and day ahead groups.

The Canadian federal government unveiled a sharp increase in carbon tax directly affecting Canada's commodity industries. Regardless, the Canadian trading group doubled profits in the recent year, expanded their scope by adding gas storage in the Midwest, and grew their geographical footprint with power markets in eastern Canada and U.S.

Peak Energy

Peak Energy, our Canadian natural gas retailer, strategically diversified their sales portfolio to accommodate COVID networking impediments. Despite obstacles presented this year, Peak increased market share by 20%.

RC Energy

RC Energy (RC), our wholesale and retail energy joint venture in Mexico, maintains its position as one of the leading power, natural gas traders and asset managers in Mexico. Over the last year, RC's natural gas operations doubled imports and added new transportation contracts on numerous pipelines to serve end-user demand. We continue to progress in both the power and natural gas asset management divisions by increasing our number of clients, as well as maintaining a strong presence in the Guatemalan power market trading between Mexico and Guatemala.

ERCOT's extreme cold weather in early 2021 caused emergency energy events pushing electricity and natural gas prices to historic levels. RC leveraged their resources and expertise to supply power to the Mexico/ERCOT border to help alleviate the extreme volatility.

Rainbow Energy Ventures

In the recent year our team managing virtual business agreements throughout North America and overseas progressed with volume and customer base expansions. We have built a sound foundation, with stable volume increases for the foreseeable future.

Compliance

All required RTO, Canada's National Energy Board and Alberta Energy Regulator permits or certifications have been maintained to access all North American trading markets. NAFTA certificate of origin documents were exchanged with counterparties in Mexico and Canada that were importing power or natural gas from REMC. DOE reporting and US Customs and Border Protection were completed with no infractions.

Carbon allowance obligations for GHG related to REMC trading activity in Californian markets were verified by our independent verifier and received California Air Resources Board (CARB) approval. Real time traders continue to maintain PJM certification. In addition, we removed old contracts that were still on record with the FERC for companies that are no longer in existence.

Closing

We were built for times of uncertainty, being challenged ignites our entrepreneurial leaders' drive to overcome complex predicaments. This sense of purpose coupled with our professional expertise sets us apart from the competition and strategically positions us to navigate all unknown possibilities of tomorrow. We look forward to writing this new chapter with our ambitious team, as we continue to forge progress for our clients, group of companies, and community.

United Energy Trading, LLC

BY TOM SMITH [PRESIDENT, UET]



In my inaugural message, I am proud to announce “Another Record Setting Year” for UET. In the company’s 19-year history, this year was the highest on record with realized net income of \$70.3 million and realized gross margin of \$127.6 million.

UET has consistently utilized its broad depth of knowledge, vast geographic market presence, diversified product offerings, and long-term relationships to understand underlying market conditions and set itself up to perform well in extreme price volatility. The story is the same, but the details are different year-to-year.

Natural Gas

This year our natural gas team was the driving force behind our record setting year, with most of the revenue associated with Winter

Storm Uri, which affected most of North America over a holiday weekend in February.

The storm was the worst to hit Texas since 1989 and it spread cataclysmic damage as temperatures plummeted into the teens and single digits for twelve million Texans. The wave of cold and ice caused widespread power outages and frozen water pipes. ERCOT planned on rolling brown outs, but decided against it, for fear they would lose the entire electric grid. This became more apparent as the South Texas nuclear reactors became close to tripping off due to ice in the cooling systems. February 16 was a historic record day as 73 percent of the lower 48 United States were blanketed in snow. Snow hit from Salt Lake City, to Detroit, down to San Angelo. The Arctic blast originated in Siberia and it had a huge source of energy, tracing back over 8,000 miles of cold

airflow that would not disperse due to a La Nina weather pattern. ERCOT announced a new winter peak demand of 69 GW during a time when 86% of renewable power sourcing was not functioning. Natural gas was the solution to keep people alive.

Throughout the weekend and for several months after, UET’s natural gas team utilized our transport and storage assets to provide as much energy as possible to affected locals. We spent long hours ensuring molecules kept flowing and were in almost constant contact with our customers regarding the extremely high prices seen in the marketplace for the remainder of February. Immediately recognizing the price shock evident in the market, we went to great lengths to timely notify customers the Monday following the price spike of market conditions in their regions and prepared them for unusually high energy invoices that were to come. In some cases, we even went the extra mile by agreeing to spread the economic effects of the storm over several months in order to make sure our customers could remain in business.

I am proud of our team that worked overtime to keep the energy flowing to the highest demand centers and making sure our customers stayed on-line.

Overall, UET’s gross margin for its natural gas business was \$89.2 million for the year, up \$63.5 million from last year.

Retail Natural Gas

The annual results for our 3 tradename retail businesses were a bit lower this year due to high cost of supply which affected overall margins. These retail lines, consisting of Collective Energy, Kratos Gas & Power and Uncle Frank Energy Services, generated a gross margin of \$4.8 million, which was another solid performance year and greater than the 10-year average of \$3.8 million. The results were driven mostly by our California retail business, where Collective Energy has grown its customer base to over 30,000 customers,

nearly 7,000 of which are supplied green products. We have decided to exit the Georgia retail market, due to poor payment performance, and wind it down at the end of August 2021.

Crude Oil

The COVID-19 pandemic coupled with geopolitical events caused crude oil margins to collapse and production to fall. UET nonetheless realized \$32.4 million in gross margin in its crude business despite these challenging economic conditions. Although this number is well below the record setting previous year by \$40.4 million, UET is hopeful that spreads will widen and production will resume as the pandemic recedes and geopolitical forces stabilize. In the meantime, UET’s crude oil team continues to provide solutions to producers and refiners across the US and internationally.

Green Energy Development

UET has demonstrated its commitment to being on the forefront of the green energy wave. In partnership with Green Rock Energy Partners, UET invested in the development of a bio-digester in Indiana and will manage the offtake of natural gas, storage and re-delivery to California transportation markets for the project. UET will soon become the first energy marketing company to be carbon neutral through a specially designed program purchasing carbon offsets to offset the carbon footprint of not only every UET office, but for the energy consumed by our employees in commuting to and from work. UET developed its expertise in this area after years of servicing retail natural gas customers in California.

While UET believes its business is well-positioned, it is clear that volatility is likely to remain a theme in the foreseeable future. Our relentless drive and focus on the needs of our customers will ensure that UET continues to capitalize on whatever market conditions come our way. UET is further committed to exploring and developing projects that drive results. Our business development team is actively exploring projects that will permit UET to grow. I am excited for what’s to come.

Results of Operations

BY JASON HILL [Chief Credit Officer, UEC]

2021 proved to be a record year for United Energy Corporation (UEC) and subsidiary companies. In the past 12 months, we witnessed energy commodity prices come off record lows providing great opportunities across all our companies. UEC capitalized on its strategic thinking and logistical abilities to maximize profits. UEC's balance sheet has become stronger than ever highlighted by no long-term debt, excellent liquidity and cash flow.

UEC's business model has always been to build shareholders' equity enabling all our companies to fund its operations with internally generated cash flow. Liquidity remains strong with \$149.5 million of cash on hand combined with \$420 million in bank lines of credit which provides the backstop and cash stream for short-term working capital requirements. UEC's EBITDA was \$178.5 million at fiscal year-end while continually meeting all bank covenants. In addition, we reported no material credit losses again in 2021.

Rainbow Energy Marketing Corporation (REMC) celebrates its 27th year in business and is happy to report its best financial performance to date



in terms of net income. Revenues increased compared to past years which resulted in a gross profit of \$106.9 million. The company continues to carry no long-term debt, shareholders' equity of \$143 million and an off-balance sheet PV10 value of its proved oil and gas reserves of \$6 million. REMC's companies have successfully built their foundations and have steadily grown over the past several years adding to REMC's bottom line.

United Energy Trading, LLC's (UET) performance resulted in another very profitable year reflecting gross profit of \$123 million and net income of \$65.5 million making this year one of the best years for UET. Equity also increased to \$215.8 million. UET continues to grow its core natural gas and crude oil business and was happy to report overall volumes of crude oil moved nationwide was 408,000 barrels per day and over 1,760,000 MMBtu of natural gas per day at the end of this fiscal year.

Missouri River Royalty Corporation (MRRC), UEC's E&P company saw revenues and profits return in 2021 compared to the previous year. UEC's net production has been consistent at 5,000 barrels per day and owns an interest in over 4,500 oil and gas wells with some DUC (drilled uncompleted) wells coming online in the near future with the strengthening of oil prices. The proved producing reserves as audited by an independent third-party reserve engineer, Ryder Scott, is equal to 5.8 million barrels of oil and 13.3 BCF of natural gas. These proved producing reserves have a calculated future net income of \$163,041,712 and a PV10 value of \$105,914,498 using a five-year forward-looking strip price model.

Throughout this report you will notice two different values utilized to report our reserves. Within the audited financial statements and

supplementary schedule, UEC is required to use 12-month average pricing to be in accordance with GAAP. Throughout management's discussions we have utilized reserve values that are inline with what is provided to our banks. This pricing allows UEC to utilize the five-year forward-looking strip pricing to value the reserves.

All UEC's business units witnessed a strong finish to our fiscal year ending June 30, 2021. UEC takes pride in stating that after 37 years in business, our core – no debt business model has been the foundation of success. We are very pleased with all the hard work UEC's staff has put forth this year and we feel it is reflected in our financial results. Along with our staff, our biggest asset are the relationships in the energy industry that we have built and continue to build on. We are happy to report 2021 fiscal year-end proved to be a very profitable year for all UEC companies. In addition to profits, each subsidiary company continues to strategically build on their vision to create additional value in the coming years.

OIL & GAS / RESERVES DATA

PV10% Value of Proved Oil and Gas Reserves.....	\$77,334,590
Total Proved Oil Reserves (BBLs).....	5,986,694
Total Proved Natural Gas Reserves (MCF)	12,558,765
Total Proved* (BOE).....	8,079,822

*Total Proved = (Total Proved Natural Gas Reserves / 6) + Total Proved Developed Oil Reserves + Total Proved Undeveloped Oil Reserves

OTHER ITEMS

Rainbow Energy Marketing Corporation

Wholesale Electric Energy Delivered (in millions of (mwh)4.37

United Energy Corporation's Subsidiary Companies

MMBtus Gas Delivered (in MMBtu/Day).....1,761,751

Barrels of Crude Oil Delivered Per Day407,506

Estimates of proved reserves in our standardized measure presented above were calculated by applying average fiscal year prices (average of first day of the month price for each month within the 12-month period.)



2021 ANNUAL REPORT

***United Energy Corporation and
Subsidiaries and Rainbow Energy
Marketing Corporation and Subsidiaries***

Combined Financial Statements as of and for the Years Ended June 30, 2021
and 2020, Supplementary Information and Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors
United Energy Corporation
Rainbow Energy Marketing Corporation
Bismarck, North Dakota

We have audited the accompanying combined financial statements of United Energy Corporation and subsidiaries and Rainbow Energy Marketing Corporation and subsidiaries (collectively, the "Companies"), both of which are under common control and common management, which comprise the combined balance sheets as of June 30, 2021 and 2020, and the related combined statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Companies' preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of United Energy Corporation and subsidiaries and Rainbow Energy Marketing Corporation and subsidiaries as of June 30, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information listed in the table of contents on pages 54-55 is presented for the purpose of additional analysis and is not a required part of the combined financial statements. This supplementary information is the responsibility of the Companies' management. Such information has not been subjected to the auditing procedures applied in our audits of the combined financial statements and, accordingly it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Deloitte & Touche LLP

September 24, 2021

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**COMBINED BALANCE SHEETS
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 149,504,197	\$ 51,543,068
Short-term investments (Note 3)	518,870	5,999,789
Receivables:		
Trade—net	539,776,118	311,161,747
Other related parties (Note 12)	763,604	-
Accrued interest	-	10,094
Gas receivables	14,608,989	12,796,400
Tax receivable	10	352,175
Other receivable	522	-
Inventory	201,489,161	114,147,181
Prepaid expenses	10,717,683	5,904,861
Funds on deposit	48,485,509	40,950,145
Contract deposits	18,925,370	14,796,003
Notes receivable—other related parties (Note 12)	1,750,000	2,000,000
Derivative assets (Note 9)	<u>89,450,571</u>	<u>84,057,434</u>
Total current assets	<u>1,075,990,604</u>	<u>643,718,897</u>
PROPERTY AND EQUIPMENT—Net (Note 4)	<u>128,907,094</u>	<u>153,514,865</u>
OTHER ASSETS:		
Investments	579,816	515,293
Equity method investments (Note 5)	6,954,674	3,624,380
Derivative assets (Note 9)	15,997,232	14,528,006
Oil and gas leasehold interests, unproved	1,438,524	1,245,212
Investment in oil, gas and coal minerals, unproved	<u>1,256,080</u>	<u>923,658</u>
Total other assets	<u>26,226,326</u>	<u>20,836,549</u>
TOTAL ASSETS	<u>\$ 1,231,124,024</u>	<u>\$818,070,311</u>

(Continued)

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**COMBINED BALANCE SHEETS
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Lines of credit (Note 6)	\$ 18,000,000	\$ 51,000,000
Payables:		
Trade	542,579,138	240,059,070
Gas payables	6,243,998	3,673,566
Current portion of other notes payable (Note 6)	-	648,452
Customer prepayments	5,370,098	4,321,760
Accrued expenses (Note 7)	11,785,654	8,449,780
Income taxes payable	430,800	-
Derivative liabilities (Note 9)	<u>92,514,087</u>	<u>67,423,612</u>
Total current liabilities	<u>676,923,775</u>	<u>375,576,240</u>
LONG-TERM LIABILITIES:		
Asset retirement obligations (Note 8)	5,829,716	4,379,449
Related-party notes payable (Note 12)	2,482,980	2,482,980
Other notes payable (Note 6)	-	1,326,548
Deferred tax liability	415,987	738,991
Derivative liabilities (Note 9)	<u>11,977,953</u>	<u>12,979,811</u>
Total long-term liabilities	<u>20,706,636</u>	<u>21,907,779</u>
Total liabilities	<u>697,630,411</u>	<u>397,484,019</u>
COMMITMENTS AND CONTINGENCIES (Note 14)		
EQUITY:		
Stockholders' equity:		
Common stock	2,111,836	2,111,836
Additional paid-in capital	1,559,302	428,902
Retained earnings	506,243,688	388,148,724
Treasury stock, at cost	(8,577,123)	(8,577,123)
Accumulated other comprehensive loss	<u>(198,609)</u>	<u>(700,048)</u>
Total stockholders' equity	501,139,094	381,412,291
Noncontrolling interest	<u>32,354,519</u>	<u>39,174,001</u>
Total equity	<u>533,493,613</u>	<u>420,586,292</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,231,124,024</u>	<u>\$818,070,311</u>

See notes to the combined financial statements.

(Concluded)

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
REVENUE (Note 1)	\$ 768,805,323	\$ 463,229,433
COST OF REVENUE (Note 1)	<u>460,810,401</u>	<u>259,686,766</u>
GROSS PROFIT	<u>307,994,922</u>	<u>203,542,667</u>
OPERATING EXPENSES AND INCOME:		
Compensation, general and administrative	97,608,934	71,617,148
Production expenses and taxes	38,750,373	47,019,652
Depreciation, depletion, amortization and accretion	31,413,626	33,596,614
Abandonment costs	408,809	1,369,114
Gain on sale of oil and gas properties and leasehold interests	-	(175,955)
Gain on disposal of property and equipment	<u>(1,114,835)</u>	<u>(3,579)</u>
Total operating expenses and income	<u>167,066,907</u>	<u>153,422,994</u>
OPERATING INCOME	<u>140,928,015</u>	<u>50,119,673</u>
OTHER INCOME (EXPENSE):		
Earnings (loss) from equity method investments (Note 5)	2,995,407	(69,295)
Interest expense	(1,097,442)	(1,951,518)
Interest and other income (Note 14)	1,534,942	7,014,519
Gain on loan forgiveness (Note 6)	<u>1,986,806</u>	<u>-</u>
Total other income	<u>5,419,713</u>	<u>4,993,706</u>
NET INCOME BEFORE INCOME TAX PROVISION	146,347,728	55,113,379
PROVISION FOR INCOME TAXES (Note 11)	<u>(232,219)</u>	<u>(950,001)</u>
NET INCOME	146,115,509	54,163,378
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>9,442,338</u>	<u>11,860,681</u>
NET INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	<u>136,673,171</u>	<u>42,302,697</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 1):		
Unrealized gain (loss) on securities arising during the period	34,701	(54,759)
Foreign currency translation adjustment recognized during the period	<u>466,738</u>	<u>(616,311)</u>
Total other comprehensive income (loss)	<u>501,439</u>	<u>(671,070)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	<u>\$ 137,174,610</u>	<u>\$ 41,631,627</u>

See notes to the combined financial statements.

**COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
BALANCE—June 30, 2019	\$ 2,111,836	\$ 428,902	\$ 358,703,307	\$ (8,575,935)	\$ (28,978)	\$ 352,639,132	\$ 31,577,037	\$ 384,216,169
Net income	-	-	42,302,697	-	-	42,302,697	11,860,681	54,163,378
Other comprehensive loss: Unrealized loss on securities arising during the period	-	-	-	-	(54,759)	(54,759)	-	(54,759)
Foreign currency translation adjustment recognized during the period	-	-	-	-	(616,311)	(616,311)	-	(616,311)
Purchase of treasury stock and members' interest	-	-	-	(1,188)	-	(1,188)	-	(1,188)
Contributions	-	-	-	-	-	-	1,020,000	1,020,000
Distributions	-	-	<u>(12,857,280)</u>	-	-	<u>(12,857,280)</u>	<u>(5,283,717)</u>	<u>(18,140,997)</u>
BALANCE—June 30, 2020	2,111,836	428,902	388,148,724	(8,577,123)	(700,048)	381,412,291	39,174,001	420,586,292
Net income	-	-	136,673,171	-	-	136,673,171	9,442,338	146,115,509
Other comprehensive income: Unrealized gain on securities arising during the period	-	-	-	-	34,701	34,701	-	34,701
Foreign currency translation adjustment recognized during the period	-	-	-	-	466,738	466,738	-	466,738
Repurchase of noncontrolling interest in subsidiary	-	1,130,400	-	-	-	1,130,400	(11,855,914)	(10,725,514)
Contributions	-	-	-	-	-	-	-	-
Distributions	-	-	<u>(18,578,207)</u>	-	-	<u>(18,578,207)</u>	<u>(4,405,906)</u>	<u>(22,984,113)</u>
BALANCE—June 30, 2021	<u>\$ 2,111,836</u>	<u>\$ 1,559,302</u>	<u>\$ 506,243,688</u>	<u>\$ (8,577,123)</u>	<u>\$ (198,609)</u>	<u>\$ 501,139,094</u>	<u>\$ 32,354,519</u>	<u>\$ 533,493,613</u>

See notes to the combined financial statements.

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$146,115,509	\$ 54,163,378
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	31,413,626	33,596,614
Allowance for doubtful accounts	341,077	(1,743,771)
Unrealized gain on derivatives	17,226,254	(975,730)
Loss from lower of cost or net realizable value inventory adjustment	8,521	4,527,625
Deferred tax (benefit) expense	(323,004)	813,607
Undistributed (earnings) loss from equity method investments	(2,741,107)	252,424
Gain on sale of oil and gas properties, leasehold interests and property and equipment	(1,114,835)	(179,534)
Gain on loan forgiveness	(1,986,806)	-
Abandonment costs	25,652	334,208
Other	62,663	300,000
Change in assets and liabilities:		
Receivables	(229,709,480)	59,634,496
Income taxes payable and receivable	782,965	133,765
Inventory	(86,592,658)	(14,389,410)
Prepaid expenses	(4,962,822)	995,682
Funds on deposit	(8,253,364)	(23,538,564)
Contract deposits	(3,411,367)	(1,632,116)
Payables	301,275,662	(58,425,677)
Customer prepayments	1,048,338	367,084
Accrued expenses	4,935,874	(893,388)
Net cash provided by operating activities	<u>164,140,698</u>	<u>53,340,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for oil and gas properties and leasehold interests	(5,673,078)	(40,902,893)
Proceeds from sale of oil and gas properties, leasehold and mineral interests	-	452,225
Purchase of property and equipment	(677,910)	(3,861,854)
Proceeds from the sale of property and equipment	1,302,398	3,579
Acquisitions, net of cash acquired	-	(10,234,414)
Purchase of investments	(196,722)	(5,173,976)
Proceeds from investments	5,515,620	-
Proceeds from other related parties notes receivable	250,000	-
Other	9,750	62,013
Net cash provided by (used in) investing activities	<u>530,058</u>	<u>(59,655,320)</u>

(Continued)

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances on line of credit	\$ 761,300,000	\$ 1,109,500,000
Payments on line of credit	(794,300,000)	(1,085,500,000)
Advances on other notes payable	-	1,975,000
Repurchase of treasury stock, members' interest and noncontrolling interest in subsidiary	(10,725,514)	(1,188)
Distributions to noncontrolling interests	(4,405,906)	(5,283,717)
Contributions	-	1,020,000
Distributions paid	<u>(18,578,207)</u>	<u>(12,857,280)</u>
Net cash (used in) provided by financing activities	(66,709,627)	8,852,815
NET CHANGE IN CASH AND CASH EQUIVALENTS	97,961,129	2,538,188
CASH AND CASH EQUIVALENTS—Beginning of year	<u>51,543,068</u>	<u>49,004,880</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 149,504,197</u>	<u>\$ 51,543,068</u>
SUPPLEMENTAL CASH FLOW ACTIVITIES:		
Cash paid for interest	<u>\$ 1,186,795</u>	<u>\$ 1,932,559</u>
Cash paid for income taxes	<u>\$ 188,921</u>	<u>\$ 26,204</u>
SUPPLEMENTAL NONCASH INVESTING ACTIVITIES—Accrued capital expenditures and retirement obligations		
	<u>\$ 3,697,477</u>	<u>\$ 3,292,986</u>

See notes to the combined financial statements.

(Concluded)

UNITED ENERGY CORPORATION AND SUBSIDIARIES AND RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations—United Energy Corporation and its subsidiaries (UEC) and Rainbow Energy Marketing Corporation and its subsidiaries (REMC) (collectively the “Companies”) are engaged in the acquisition, development, production and exploration of oil and gas properties; in the wholesale buying, selling and distribution of crude oil, natural gas, refined products and natural gas liquids (NGLs); and electricity and transmission services. Operations for the oil and gas exploration and production activities are primarily in the Bakken shale formation located primarily in North Dakota and Montana, while the Companies’ midstream operations are in the southwestern United States. The service area for electricity marketing and transmission services is throughout the contiguous United States, Canada and Mexico. Natural gas marketing is conducted throughout the contiguous United States and Canada. Refined products and NGLs marketing are performed throughout the contiguous United States and Mexico. Crude oil is marketed throughout the contiguous United States, Canada and Europe.

Basis of Presentation—These combined financial statements and disclosures are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Combined Financial Statements—These combined financial statements include the consolidated accounts of UEC and its wholly owned and majority owned subsidiaries combined with REMC and its majority owned subsidiaries. The combined entities are under common control due to a majority of common shareholders and common management.

UEC’s consolidated subsidiaries include Rainbow Gas Company (RGC); Missouri River Royalty Corporation (MRRC); United Energy Trading, LLC and its consolidated subsidiaries (UET); Jurassic Resources Development, North America, LLC (Jurassic); Pine Gas Gathering, LLC; Montana Heartland, LLC; Energy Leasing Corporation; REMC Leasing, LLC; United Energy Trading Canada, ULC (UETC); United Energy Canada, Inc.; UET Pipeline, LLC (UETPL); Rainbow Energy Ventures, LLC (REV); Hybrid Power, LLC; Missouri Eagle, LLC; and Williston Basin Leasing, LLC.

REMC’s consolidated subsidiaries include REMC International, LLC; REMC Holdings, LP; REMC Disc, Inc.; Mexico Holdings, LLC; Nuevo Energy Marketing S. de R.L. de C.V. (Nuevo); REMC Peak Corporation; and Peak Energy, ULC (Peak).

UET’s consolidated subsidiaries include UET Global, LLC; UET Mexico Holdings, LLC; UET Mexico, S. de R.L. de C.V. (UETMX); UET Midstream, LLC; and UET RR, LLC.

All intercompany transactions and balances have been eliminated in consolidation and combination. Intercompany transactions that have been eliminated in consolidation and combination include investments in subsidiaries, equity earnings of subsidiaries and all balance sheet equity accounts of the subsidiaries. Eliminating entries have been made for revenue, cost of revenue, management fee income and expense, commission income and

expense and lease income and expense within the Companies, as well as the related accounts receivable and payable amounts resulting from these transactions. Also, eliminated in consolidation and combination are notes receivable and notes payable between the Companies and their subsidiaries and the related accrued interest receivable, accrued interest payable, interest income and interest expense amounts resulting from these transactions.

Equity Method Investments—The combined financial statements also include the investments in RC Energy, S. de R.L. de C.V. (RC Energy); Spartan Marketing Group, LLC (Spartan); and Meridian M500 Management, LLC (Meridian), owned 50%, 40% and 50%, respectively. These entities are accounted for under the equity method.

Use of Estimates—The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from those estimates.

The Company considered the impact of the novel coronavirus 2019 (COVID-19) pandemic on the assumptions and estimates used by management in the combined financial statements for the periods presented. Management’s estimates and assumptions were based on historical data and consideration of future market conditions. Given the uncertainty inherent in any projection, which is heightened by the possibility of unforeseen additional impacts from the COVID-19 pandemic, actual results may differ from the estimates and assumptions used, and conditions may change, which could materially affect amounts reported in the combined financial statements in the near term.

Risk and Uncertainties—The nature of the Companies’ businesses subjects them to a number of uncertainties and risks including obtaining credit and credit exposures from counterparties, future commodity market prices, recoverability of investments in oil and gas properties, demand, transportation and operational risks, changes in laws and regulations, including environmental and greenhouse gas regulations, as well as competition, fraud and cybersecurity attacks. These risks may negatively impact the Companies and cause the actual results of operations, cash flows, financial position or liquidity to fluctuate.

Since the beginning of 2020, the COVID-19 pandemic has spread across the globe and disrupted economies around the world, including the oil and gas industry in which we operate. The extent to which the global COVID-19 pandemic impacts will continue to affect our business, financial condition, liquidity, results of operations, and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration or any recurrence of the outbreak and responsive measures, additional or modified government actions, new information which may emerge concerning the severity of the global COVID-19 pandemic and the effectiveness of actions taken to contain the coronavirus or treat its impact now or in the future, among others.

Noncontrolling Interests in Subsidiaries—Net income attributable to noncontrolling interests in the accompanying statements of comprehensive income represents the share of income or loss of certain subsidiaries attributable to the noncontrolling shareholders of those subsidiaries. The noncontrolling interests in the accompanying combined balance sheets reflect the amount of the underlying net assets of UET, UETC, UETPL, REV and Jurassic attributable to the noncontrolling shareholders of those subsidiaries.

During the year ended June 30, 2021, the Company redeemed certain members' interests in UET, UETC and UETPL from the noncontrolling interest holders for \$10,725,514, which reduced the noncontrolling interest holders' ownership.

Financial Instruments—The Companies' financial instruments consist primarily of cash, accounts receivable, accounts payable, accrued expenses, derivative instruments and debt. The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses and the line of credit approximate fair value due to their short maturity. The Companies' financial and nonfinancial assets and liabilities that are measured on a recurring basis are measured and reported at fair value.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand, amounts on deposit at banks, cash management accounts, outstanding checks and deposits in transit. The Companies consider all highly liquid investments with a maturity of three months or less to be cash equivalents.

The Companies maintain cash accounts at various financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) and the Canadian Deposit Insurance Corporation (CDIC). Cash accounts are insured by the FDIC up to \$250,000. Cash accounts are insured by the CDIC up to \$100,000. The Companies also participate in insured cash sweep (ICS) programs through their financial institutions. The ICS programs coordinate a network of banks to spread deposits exceeding the FDIC insurance coverage limit out to numerous banks in order to provide insurance coverage for all participating deposits. On occasion, deposits with financial institutions exceed the amount insured by the FDIC and CDIC.

Trade Receivables—Trade receivables consist primarily of the sale of goods and services net of the allowance for doubtful accounts. The allowance for doubtful accounts is regularly reviewed by considering such factors as historical experience, creditworthiness, the age of the receivables balance and current economic conditions that may affect collectability. The Companies have recorded an allowance for doubtful accounts of \$341,077 as of June 30, 2021 and no allowance for doubtful accounts as of June 30, 2020.

The Companies enter into industry standard contracts that permit the netting of accounts receivable against accounts payable to reduce exposure to counterparty credit and performance risk.

For the period from July 1, 2020 to June 30, 2021, UET maintained a credit insurance policy that covered its natural gas and refined products receivables to certain end-user and industrial customers. The policy provides UET payment on receivables, after a deductible, if default is made by any of the applicable customers. The policy premium paid covers \$150.0 million in total receivables for each policy year. The policy was renewed for the period from July 1, 2021 to June 30, 2022, and is typically renewed annually. Beginning July 1, 2021, REMC purchased a similar credit insurance policy that covers \$12.0 million in natural gas receivables for the policy year July 1, 2021 to June 30, 2022.

Inventory—Inventory consists of natural gas stored in gas storage facilities, crude oil, NGLs and refined products required to be held as line pack on various pipelines or in transit, or crude oil and refined products tank inventory. Inventory is recorded at the lower of cost or net realizable value using the weighted-average cost method of accounting or specific identification. If the net realizable value of inventory declines to an amount less than the weighted-average cost, the Companies record a write-down of inventory and a noncash charge to trading revenue. For the years ended June 30, 2021 and 2020, the

Companies recorded a noncash charge of \$8,521 and \$4,527,625, respectively, to revenue in order to record inventory at the lower of cost or net realizable value.

Gas Receivables and Gas Payables—Natural gas parked on various interstate gas pipelines is shown as gas receivables on the combined balance sheets and natural gas loaned from various interstate gas pipelines is shown as gas payables on the combined balance sheets. These park and loan agreements may also contain embedded derivatives for changes in the value of gas to be returned or received in the future that are recorded as derivative assets and liabilities. See further discussion in Note 9.

In the course of transporting and storing gas with pipelines, the Companies may receive different quantities from operators than the quantities intended to be delivered. This results in volume-related receivables and payables, commonly known as imbalances, which are settled in cash or the receipt or delivery of gas in the future. Settlement of imbalances requires agreement between the pipelines and the Companies as to allocations of volumes to specific transportation contracts and timing of delivery based on operational conditions. The receivables and payables are valued at market value. These amounts were immaterial as of June 30, 2021 and 2020.

Funds on Deposit—The Companies are required to place funds on deposit to financial and physical counterparties in accordance with contracts for the sale and purchase of electricity, natural gas, NGLs, refined products and crude oil. The funds on deposit are based on the difference between a specified price for future volumes and the fair value of outstanding contracts.

The counterparties reserve the right to make margin calls when the fair value exceeds the specified price and pay the Companies interest for the cash deposit held by the counterparty. As of June 30, 2021 and 2020, the balance of the funds on deposit was \$48,485,509 and \$40,950,145, respectively.

Contract Deposits—Contract deposits are amounts advanced to certain new suppliers until a business relationship and credit history have been established. These deposits may be used to offset balances due to suppliers when authorized. The balance of the contract deposits as of June 30, 2021 and 2020, was \$18,925,370 and \$14,796,003, respectively.

Long-Lived Assets—Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. When impairment exists, an adjustment is made to write the asset down to its fair value and a loss is recorded. Fair values are determined based on quoted market values, discounted cash flows or internal appraisals, as applicable.

Property and Equipment—Property and equipment are carried at cost. It is the policy of the Companies to provide depreciation based on the estimated useful lives of the individual units. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from three to forty years for property and equipment. Repairs and maintenance of property are charged to operations as incurred.

Oil and Gas Properties—The Companies use the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill

exploratory wells that do not find proved reserves, geological and geophysical costs and costs of carrying and retaining unproved properties are expensed as incurred.

Oil and gas properties are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Capitalized costs of producing oil and gas properties are depreciated and depleted by the units-of-production method.

Net carrying values of retired, sold or abandoned properties that constitute less than a complete unit of depreciable property are charged or credited, net of proceeds, to accumulated depreciation, depletion and amortization unless doing so significantly affects the units-of-production amortization rate, in which case a gain or loss is recognized in income. Gains or losses from the disposal of complete units of depreciable property are recognized in earnings.

Depreciation, Depletion, Amortization and Accretion—Depreciation, depletion and amortization (DD&A) of capitalized drilling and development costs, including related support equipment and facilities, of producing oil and gas properties are computed using the units-of-production method based on total estimated proved developed oil and gas reserves. Amortization of producing leaseholds is based on the units-of-production method using total estimated proved developed reserves. The effect of proved undeveloped reserves was deemed to be immaterial to amortization of leaseholds. In arriving at rates under the units-of-production method, the quantities of recoverable oil and gas are established based on estimates made by the Companies' independent engineer. Upon sale or retirement of properties, the cost and related accumulated DD&A are eliminated from the accounts and the resulting gain or loss is recognized. Units-of-production rates are revised in conjunction with the annual reserve reports. Accretion expense is recognized due to the passage of time on asset retirement obligations.

Oil and Gas Leasehold Interests—Leasehold interests are oil and gas exploration prospects that the Companies are evaluating and considering to develop or sell. Lease costs include seismic, landman, legal, developmental, delay rentals and lease purchase costs. When successful wells are drilled, leasehold costs are reclassified to proved properties and depleted on a units-of-production basis. Unproved properties are evaluated for impairment or expiration and expensed when applicable as part of impairment of oil and gas properties.

Investment in Oil, Gas and Coal Minerals—MRRC and REMC have acquired various packages of non-producing oil and gas minerals. All of the minerals include the oil and gas rights and some include coal rights as well. The minerals are located in Wyoming and in the Williston Basin in North Dakota, South Dakota and Montana. At June 30, 2021 and 2020, the unproved minerals have a cost of \$1,256,080 and \$923,658, respectively, and the proved minerals have a cost of \$3,007,011 and \$2,987,981, respectively.

These nonproducing oil and gas minerals have no fixed income, but from time-to-time are leased and lease bonus revenue is earned.

Investments—The Companies investments, valued at cost, as of June 30, 2021 and 2020, were \$579,816 and \$515,293, respectively.

Asset Retirement Obligations—The Companies have identified certain asset retirement obligations that are associated with the plugging and abandonment of certain wells. These obligations are recognized at fair value as incurred and capitalized as part of the cost of

the related tangible long-lived assets. Under the present value approach used to estimate the fair value of asset retirement obligations, accretion of the liabilities due to the passage of time is recognized as an operating expense.

Income Taxes—UEC and REMC and all their corporate subsidiaries, elected to be taxed as partnerships or Subchapter S Corporations under the provisions of the Internal Revenue Code of 1986 or are disregarded entities for U.S. income tax purposes. Under those provisions, the Companies do not pay U.S. federal or state income taxes on their taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective share of the Companies' taxable income.

UETC and Peak, Canadian corporations, were taxed at 27% and 25%, respectively, which represents a combined Canadian national tax rate and a provincial tax rate. Nuevo and UETMX, Mexican corporations, and a portion of REMC are taxed based on applicable Mexican statutes.

UETC's deferred tax provisions/benefits are provided for temporary differences between financial statements and income tax reporting, principally from inventory write-downs and fair value adjustments relating to derivative assets and liabilities. These differences result in the recognition and measurement of the deferred tax assets and liabilities in the accompanying combined balance sheets.

The provision for income taxes on the combined financial statements represents the Canadian federal and provisional taxes for UETC and Peak, as well as the Mexican taxes for Nuevo and REMC.

With few exceptions, the Companies are no longer subject to U.S. federal, state and local income tax examinations, as well as Canadian tax examinations by tax authorities for years before 2013. The Companies are currently subject to tax examination by Mexican tax authorities for years of operation in Mexico.

Uncertain Tax Positions—In the ordinary course of business, there is inherent uncertainty in quantifying the Companies' income tax positions. The Companies assess their income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Companies record the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the combined financial statements. Where applicable, associated interest and penalties will also be recognized. There were no uncertain tax positions that were material to the Companies' results of operations or financial position and the Companies do not expect any change to these positions in the next 12 months.

Price Risk Management and Derivative Activities—The Companies are exposed to risks relating to changes in certain commodity prices, foreign exchange rates and counterparty performance. In order to manage the various risks related to these exposures, the Companies utilize derivatives and have certain policies in place regarding those instruments designed to limit exposure. The Companies maintain a comprehensive risk management committee and have established risk management oversight to monitor compliance, which is overseen by the President/CEO.

The Companies use various forward physical commodity contracts and financial instruments, including futures, over-the-counter swaps and options, for trading purposes and to manage the volatility related to firm commitments to buy and sell natural gas, NGLs, refined products, electricity and crude oil; firm transportation commitments; and storage. Although some of these instruments act as economic hedges, they are not being designated as hedges for financial reporting purposes. These contracts, along with any corresponding physical purchases and sales that do not meet the criteria for normal purchase or normal sale accounting, are measured at fair value and reported in the combined balance sheets as derivative assets and liabilities. Changes in the fair value of these instruments are recognized currently in earnings. See further discussion in Note 9.

Revenue Recognition— The Company adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the series of related accounting standard updates that followed, on July 1, 2020, using the modified retrospective method of adoption. Adoption of the ASU did not require an adjustment to the opening balance of equity and did not change the Company's amount and timing of revenues. Adoption of this guidance did not have a material impact on the combined financial statements. The Companies derivatives and trading activities were excluded from this guidance.

Oil and gas sales result from interests owned by the Companies in oil and gas properties. The Company recognizes revenue from its interests in the sales of oil and natural gas at the point in time that its performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of product, when the Company has no further obligations to perform related to the sale, when the transaction price has been determined and when collectability is probable. The sales of oil and natural gas are made under contracts which the third-party operators of the wells have negotiated with customers, which typically include variable consideration that is based on pricing tied to local indices and volumes delivered in the current month. The Company receives payment from the sale of oil and natural gas production from one to three months after delivery. At year-end, the Companies estimate volumes sold and the price at which they were sold to record revenue. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from customers are accrued in trade receivables, net in the balance sheets. Variances between the Company's estimated revenue and actual payments are recorded in the month the payment is received, however, differences have been and are insignificant. Accordingly, the variable consideration is not constrained.

Commodity sales that are not designated as trading result from wholesale selling, marketing, and transporting of natural gas and electricity. Commodity sales are recognized at the point in time the performance obligations are satisfied. The Company receives payment from commodity sales approximately one month after delivery. The Company's natural gas sales to end-use commercial and industrial customers are made under standard master contracts and end-use natural gas contracts typical within the natural gas industry. The Company also enters into physical contracts for the wholesale sale of electricity and natural gas under standard master contracts as well as various power purchase and sales agreements. Performance obligations under these contracts are satisfied upon delivery of the electricity and natural gas to the customer over time and revenue is recognized in the amount to which we have the right to invoice monthly.

Commodity trading revenues result from the Company's electricity, crude oil, natural gas, NGLs, and refined products trading activities. Sales and purchases, changes in fair value of derivative contracts and all realized gains and losses are presented on a net basis as

revenue in the combined statements of comprehensive income. This includes physical contracts entered into for trading purposes or transactions where physical delivery is deemed not to have occurred due to offsetting positions existing at the same location for the same time. Commodity trading revenues are accounted for separately in accordance with derivative revenue guidance in ASC Topic 815 Derivatives and Hedging (ASC 815). For more information on derivatives, see Note 9.

The following table depicts the disaggregation of revenue from contracts with customers, as well as other revenue streams for the year ended June 30, 2021:

	2021
Commodity sales	\$ 521,150,531
Commodity trading*	168,111,449
Oil and gas	77,613,828
Other	<u>1,929,515</u>
Total	<u>\$ 768,805,323</u>

*Commodity trading revenues are accounted for separately in accordance with revenue guidance in ASC 815.

Presentation of Sales, Use, Utility and Excise Tax—Several states impose various sales taxes on all of the Companies' sales to nonexempt customers. The Companies collect the various taxes from these nonexempt customers and remit the entire amount to the applicable jurisdiction. The Companies' accounting policy is to exclude the tax collected and remitted to the various taxing jurisdictions from revenue and cost of revenue.

Foreign Currency Contracts—Transactions in Canada are generally transacted in Canadian dollars and create exchange risk for the Companies. To minimize currency fluctuation risks, the Companies enter into forward currency exchange contracts to offset earnings volatility from changes in exchange rates between the Canadian and U.S. dollars. When the Companies enter into Canadian transactions, a forward contract is obtained to guarantee the sale in U.S. dollars. See further discussion in Note 9.

Foreign Currency Remeasurement and Translation—The Companies engage in business transactions in Canada and Mexico and, accordingly, have various transactions that have been denominated in Canadian dollars and Mexican pesos. These Canadian-denominated and Mexican-denominated transactions/balances are reported in U.S. dollars for financial reporting purposes using the year-end exchange rate for balance sheet items and an average exchange rate during the period for income statement items.

Currency gains or losses on transactions executed in Canadian dollars and Mexican pesos are recorded as operating expenses in the accompanying combined statements of comprehensive income as incurred. The Companies experienced a foreign currency gain of \$448,482 and a foreign currency loss of \$194,347 for the years ended June 30, 2021 and 2020, respectively.

The functional currency of the Company's equity method investment in RC Energy, as discussed in Note 5, is the Mexican peso. Translation from the Mexican peso to the U.S. dollar is performed using the year-end exchange rate for assets and liabilities. Changes in the carrying value of the assets and liabilities are recognized in accumulated other comprehensive loss as a foreign currency translation adjustment.

Revenues and expenses are translated using an average exchange rate during the period for revenues and expenses.

Other Comprehensive Income (Loss)—Other comprehensive income (loss) and accumulated other comprehensive loss result from the Companies' unrealized gains/losses on securities and foreign currency translation adjustments. The unrealized gain/loss on securities is deferred in accumulated other comprehensive loss, and later transferred to the combined statements of comprehensive income when the gains/losses are realized. The foreign currency translation adjustment is deferred in accumulated other comprehensive loss until the sale of liquidation of the foreign entity when it will then be transferred to the combined statements of comprehensive income.

The Companies' components of accumulated other comprehensive loss as of June 30, 2021 and 2020, were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Gain (Loss) on Securities	Total Accumulated Other Comprehensive Income (Loss)
BALANCE—June 30, 2019	\$ -	\$(28,978)	\$ (28,978)
Other comprehensive loss before reclassifications	<u>(616,311)</u>	<u>(54,759)</u>	<u>(671,070)</u>
BALANCE—June 30, 2020	(616,311)	(83,737)	(700,048)
Other comprehensive income before reclassifications	<u>466,738</u>	<u>34,701</u>	<u>501,439</u>
BALANCE—June 30, 2021	<u>\$(149,573)</u>	<u>\$(49,036)</u>	<u>\$(198,609)</u>

There were no reclassifications out of accumulated other comprehensive loss for the years ended June 30, 2021 and 2020.

Newly Issued Accounting Standards—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. In November 2019, the FASB issued ASU 2019-10, *Leases (Topic 842): Effective dates*, which amended the effective date of *Topic 842* for nonpublic entities by one year. In June 2020, in response to the widespread adverse economic effects and business disruptions caused by the COVID-19 pandemic, the FASB issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities*, which amends the effective date for *Topic 842* by an additional year for private companies. The Companies are still in the process of evaluating the guidance and its impact on the combined financial statements. The new standard will be adopted by the Companies for fiscal year 2023.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which provides guidance on the measurement of credit losses on certain financial instruments. The new guidance introduces the use of a current expected credit loss (CECL) model for the measurement of credit losses on financial instruments within the scope of this guidance, which includes certain investments in debt securities, trade accounts receivable and other financial assets. The CECL model requires an entity to measure credit losses using historical information, current information and reasonable and supportable forecasts of future events, rather than the model required under current GAAP. The Companies are in the process of evaluating the guidance and its impact on the

combined financial statements and disclosures. The new standard will be adopted by the Companies for fiscal year 2024.

2. ACQUISITIONS

On October 1, 2019, UET purchased trading assets including accounts receivable, physical delivery contracts and derivative instruments in the northeastern United States from Peninsula Energy Services Company, Inc. The total purchase price of \$10,234,414, was allocated to \$8,184,414 of accounts receivable and \$2,050,000 of physical delivery contracts and derivative instruments. The results of the acquired assets have been included in the Company's financial statements beginning on the acquisition date.

3. SHORT-TERM INVESTMENTS

Short-term investments consisted of the following at June 30, 2021 and 2020:

	2021	2020
Certificate of deposits	\$ 429,670	\$5,945,150
Available-for-sale securities	84,200	49,639
Drilling bond	<u>5,000</u>	<u>5,000</u>
	<u>\$ 518,870</u>	<u>\$5,999,789</u>

The Companies regularly review their available-for-sale securities for declines in fair value that are determined to be other-than-temporary. If an other-than-temporary impairment has occurred, the amortized cost of the equity security is written down to the current fair value, with a corresponding change to realized gain (loss) on our combined statements of comprehensive income. When assessing the security, the Companies consider the severity and duration of the decline in fair value of the equity security, as well as the cause and overall financial condition of the issuer. For the years ended June 30, 2021 and 2020, the Companies did not have an other-than-temporary impairment.

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of the available-for-sale investment securities by major security type and class of security as of June 30, 2021 and 2020, are as follows:

	Amortized Cost	Unrealized Gains/(Losses)	Fair Value
2021			
Equity securities	<u>\$133,236</u>	<u>\$(49,036)</u>	<u>\$ 84,200</u>
2020			
Equity securities	<u>\$133,376</u>	<u>\$(83,737)</u>	<u>\$ 49,639</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Oil and gas properties, successful efforts method:		
Proved costs:		
Intangible drilling and well workover costs	\$ 439,224,954	\$ 435,524,139
Leasehold interests	14,994,948	14,994,948
Producing mineral interests	3,007,011	2,987,981
Equipment	75,463,285	74,373,614
Asset retirement costs	<u>4,159,190</u>	<u>3,063,885</u>
Total oil and gas properties, proved costs	<u>536,849,388</u>	<u>530,944,567</u>
Other property and equipment:		
Buildings	280,087	243,653
Equipment	7,143,472	8,594,739
Furniture, fixtures, software and office equipment	<u>5,176,981</u>	<u>5,006,991</u>
Total other property and equipment	<u>12,600,540</u>	<u>13,845,383</u>
Total property and equipment	549,449,928	544,789,950
Accumulated depreciation, depletion, amortization and impairment	<u>(420,542,834)</u>	<u>(391,275,085)</u>
Total property and equipment—net	<u>\$ 128,907,094</u>	<u>\$ 153,514,865</u>

Depreciation and depletion expense for the years ended June 30, 2021 and 2020, totaled \$5,798,720 and \$5,951,716, respectively.

Amortization and depletion of intangible drilling costs, producing leasehold interests and producing mineral interests for the years ended June 30, 2021 and 2020, totaled \$25,259,944 and \$27,358,267, respectively.

5. EQUITY METHOD INVESTMENTS

The following investments are accounted for using the equity method.

Nuevo has a 50% interest in RC Energy. Financial information for RC Energy is as follows:

	2021	2020
Earnings (loss) (Company's 50% share)	\$ 2,696,706	\$ (216,887)
Assets	35,622,292	25,841,446
Liabilities	23,572,653	20,032,573

UET has a 40% interest in Spartan. Financial information for Spartan is as follows:

	2021	2020
Earnings (Company's 40% share)	\$ 306,511	\$ 155,302
Assets	113,623	325,910
Liabilities	-	328,916

REMC Leasing, LLC has a 50% interest in Meridian. Financial information for Meridian is as follows:

	2021	2020
Loss (Company's 50% share)	\$ (7,810)	\$ (7,710)
Assets	205,032	220,652
Liabilities	1	-

6. DEBT

BNC National Bank (BNC) Revolving Credit Facility—The Companies have a revolving line of credit facility totaling \$70,000,000 that is secured by all business assets with the exception of UET and UETC, plus the personal guarantee of the majority shareholder. The facility expires on March 31, 2023. The revolving credit facility is interchangeable between a line of credit and letters of credit. The letters of credit primarily have short-term maturities and are generally deal specific and supportive to the Companies' existing credit lines used for the purchasing and selling of natural gas, crude oil and electricity. Management expects to be able to refinance the revolving credit facility upon expiration.

Various pipeline tariffs, power-pools and some power system operators require shippers and participants to possess an investment-grade credit rating. The Companies have not applied or received a third-party agency debt or corporate issuer rating. In those circumstances where a rating is required to transact, letters of credit are commonly used to support those activities. The line of credit bears interest at the prime rate as published in the Wall Street Journal plus 1% at June 30, 2021 and 2020. There is no interest rate on the letters of credit unless a default occurs. The Companies' had no outstanding borrowings at June 30, 2021 and 2020. At June 30, 2021 and 2020, the outstanding letters of credit issued were \$3,250,400 and \$2,388,000, respectively.

The revolving credit facility includes certain financial covenants and financial statement reporting requirements.

Macquarie Bank Limited Revolving Credit Facility—UET and UETC have a \$350,000,000 revolving credit facility with Macquarie Bank Limited that's due on demand and is secured by all the assets of UET and UETC, plus a guaranty from UEC. The revolving credit facility bears interest at the Wall Street Journal prime rate less .425%. The rates at June 30, 2021 and 2020, were 2.825% and 2.7%, respectively. The revolving credit facility is interchangeable between a line of credit and letters of credit. The letters of credit primarily have short-term maturities and are generally deal specific and supportive to UET and UETC's existing credit lines used for the purchasing and selling of natural gas, refined products, NGLs and crude oil. The current revolving credit facility agreement has an expiration date of November 13, 2021. Management expects to be able to refinance the revolving credit facility upon expiration.

At June 30, 2021 and 2020, the Companies had outstanding borrowings on the line of credit of \$18,000,000 and \$51,000,000, respectively. At June 30, 2021 and 2020, the outstanding letters of credit were \$94,184,824 and \$42,586,335, respectively.

The revolving credit facility includes certain financial covenants and financial statement reporting requirements including minimum working capital, minimum tangible net worth, maximum ratio of funded debt to tangible net worth, current ratio and additions to fixed assets and investments.

Paycheck Protection Program Loan—On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act appropriated funds for the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

On June 5, 2020, the Company received proceeds from PPP loans of \$1,975,000. The Company applied for loan forgiveness in full (principal amounts plus accrued interest) which were approved by the SBA in 2021, resulting in a gain recognized in other income (expense) on the combined statements of comprehensive income for the year ended June 30, 2021.

There were no amounts outstanding at June 30, 2021, and \$648,452 in current liabilities and \$1,326,548 in long-term liabilities were outstanding at June 30, 2020 relating to the PPP loan.

7. ACCRUED EXPENSES

Accrued expenses consisted of the following at June 30, 2021 and 2020:

	2021	2020
Accrued royalty payable	\$ 71,432	\$ 24,960
Accrued vacation	1,390,087	982,223
Accrued wages	9,429,018	5,089,370
Accrued capital expenditures for oil and gas properties	300,000	1,900,000
Other accrued expenses	<u>595,117</u>	<u>453,227</u>
	<u>\$ 11,785,654</u>	<u>\$ 8,449,780</u>

8. ASSET RETIREMENT OBLIGATION

The asset retirement obligation changed by the following during the years ended June 30, 2021 and 2020:

	2021	2020
Balance at beginning of year	\$4,379,449	\$3,745,792
Accretion of discount	354,962	286,631
Liabilities incurred for new wells placed in production	135,465	400,416
Revision of estimates	<u>959,840</u>	<u>(53,390)</u>
Balance at end of year	<u>\$5,829,716</u>	<u>\$4,379,449</u>

The Companies had no assets that are legally restricted for purposes of settling asset retirement obligations.

9. DERIVATIVE INSTRUMENTS

Derivative instruments, not designated as normal purchases or sales, are required to be recorded in the combined balance sheets as either an asset or liability measured at fair value. Changes in the fair value of derivative instruments that are entered into for trading purposes, not designated as hedges for accounting treatment, or that do not qualify for normal purchase and sale accounting are recognized currently in earnings. Contracts qualifying for the normal purchase and sales exception, in which the Companies elect accrual accounting, are accounted for upon settlement. Cash flows related to derivative instruments that are not designated or do not qualify for hedge accounting treatment are included in operating activities.

The Companies' policy is to not offset fair value amounts for derivative instruments and, as a result, the Companies' derivative assets and liabilities are presented gross on the combined balance sheets. Changes in the derivative instrument's fair value are recognized currently in earnings and are not designated as hedges for financial reporting purposes.

The fair value of the derivative instruments must be estimated as of the end of each reporting period and is recorded on the combined balance sheets as an asset or liability.

Gains and losses on the changes of fair value of these instruments, both realized and unrealized, are recognized in earnings in revenue on the combined statements of comprehensive income.

Transportation and storage contracts are not accounted for as derivatives and thus are not marked to market but are recorded under accrual accounting. The result is that the combined financial statements do not fully reflect the unrealized fair value of these contracts.

Fair values of derivative instruments reported in the combined balance sheets were as follows for the years ended June 30, 2021 and 2020:

2021	Asset Derivatives Balance Sheet		Liability Derivatives Balance Sheet	
	Location	Fair Value	Location	Fair Value
Derivative instruments:				
Short-term commodity contracts	Current assets	\$89,450,571	Current liabilities	\$92,507,538
Foreign exchange contracts	Current assets	-	Current liabilities	6,549
		<u>\$89,450,571</u>		<u>\$92,514,087</u>
Long-term commodity contracts	Other assets	<u>\$15,997,232</u>	Long-term liabilities	<u>\$11,977,953</u>
2020	Asset Derivatives Balance Sheet		Liability Derivatives Balance Sheet	
	Location	Fair Value	Location	Fair Value
Derivative instruments:				
Short-term commodity contracts	Current assets	\$84,043,818	Current liabilities	\$67,417,737
Foreign exchange contracts	Current assets	13,616	Current liabilities	5,875
		<u>\$84,057,434</u>		<u>\$67,423,612</u>
Long-term commodity contracts	Other assets	<u>\$14,528,006</u>	Long-term liabilities	<u>\$12,979,811</u>

The effect of derivative activities in the combined statements of comprehensive income is as follows for the years ended June 30, 2021 and 2020:

Type of Instrument	Income Statement Classification	2021	2020
Commodity contracts (Natural gas and electricity)—not designated as hedges or trading	Revenue	\$ -	\$ (4,274,390)
Commodity trading (Natural gas, crude oil, NGLs, refined products and electricity)	Revenue	<u>168,111,449</u>	<u>107,391,946</u>
Total		<u>\$168,111,449</u>	<u>\$103,117,556</u>

The revenue related to commodity trading contracts includes realized and unrealized gains and losses on both derivative and nonderivative instruments.

The Companies had the following outstanding notional volumes of commodity contracts as of June 30, 2021 and 2020:

Natural Gas—MMBTu	2021			2020		
	Total	Long	Short	Total	Long	Short
Basis swaps	22,621	86,388	(63,767)	20,182	87,033	(66,851)
Fixed swaps	(4,709)	28,107	(32,816)	(3,645)	42,759	(46,404)
Physical basis	(16,415)	40,476	(56,891)	(8,684)	56,840	(65,524)
Physical fixed	(2,573)	22,585	(25,158)	(13,755)	16,573	(30,328)
Options	2,160	2,160	-	-	-	-
Physical index	<u>11,242</u>	<u>128,694</u>	<u>(117,452)</u>	<u>96</u>	<u>87,283</u>	<u>(87,187)</u>
Total	<u>12,326</u>	<u>308,410</u>	<u>(296,084)</u>	<u>(5,806)</u>	<u>290,488</u>	<u>(296,294)</u>
Crude Oil, NGLs and Refined Products—Barrels (000s)						
Fixed swaps—crude	(1,950)	186	(2,136)	(2,087)	13	(2,100)
Fixed swaps—refined products	12	12	-	36	36	-
Basis swaps—crude	-	-	-	(400)	-	(400)
Futures—crude	-	-	-	(786)	975	(1,761)
Futures—refined products	(202)	20	(222)	(579)	22	(601)
Options—crude	-	18	(18)	-	-	-
Physical fixed—crude	(53)	5,332	(5,385)	1,135	6,265	(5,130)
Physical basis—crude	5,445	31,096	(25,651)	9,958	36,692	(26,734)
Physical fixed—refined products	(24)	1,457	(1,481)	(160)	2,402	(2,562)
Physical index—refined products	<u>168</u>	<u>176</u>	<u>(8)</u>	<u>237</u>	<u>263</u>	<u>(26)</u>
Total	<u>3,396</u>	<u>38,297</u>	<u>(34,901)</u>	<u>7,354</u>	<u>46,668</u>	<u>(39,314)</u>
Electricity—MWh (000s)						
Fixed swaps	22	229	(207)	919	2,434	(1,515)
Options	<u>(213)</u>	<u>210</u>	<u>(423)</u>	<u>(489)</u>	<u>426</u>	<u>(915)</u>
Total	<u>(191)</u>	<u>439</u>	<u>(630)</u>	<u>430</u>	<u>2,860</u>	<u>(2,430)</u>

At June 30, 2021, the Companies had one foreign exchange contract with a net mark to market liability of \$6,549. At June 30, 2020, the Companies had 3 foreign exchange contracts with a net mark to market asset of \$7,741.

Certain commodity derivative instruments at June 30, 2021 and 2020, were subject to legally enforceable master netting agreements. However, the Companies' policy is to not offset fair value amounts for derivative instruments and, as a result, the Companies' derivative assets and liabilities are presented gross on the combined balance sheets. The gross derivative assets and liabilities (excluding settlement receivables and payables that may be subject to the same master netting agreements) presented in the combined balance sheets and the amount eligible for offsetting under the master netting agreements are presented in the following table:

	2021		
	Gross Amounts Recognized on the Balance Sheet	Gross Amounts not Offset on the Balance Sheet	Net
Assets:			
Short-term commodity contracts	<u>\$89,450,571</u>	<u>\$(30,282,264)</u>	<u>\$59,168,307</u>
Long-term commodity contracts	<u>\$15,997,232</u>	<u>\$(11,318,581)</u>	<u>\$ 4,678,651</u>
Liabilities:			
Short-term commodity contracts	\$92,507,538	\$(32,259,450)	\$ 60,248,088
Foreign exchange contracts	<u>6,549</u>	<u>-</u>	<u>6,549</u>
	<u>\$92,514,087</u>	<u>\$(32,259,450)</u>	<u>\$60,254,637</u>
Long-term commodity contracts	<u>\$11,977,953</u>	<u>\$(9,341,395)</u>	<u>\$ 2,636,558</u>

	2020		
	Gross Amounts Recognized on the Balance Sheet	Gross Amounts not Offset on the Balance Sheet	Net
Assets:			
Short-term commodity contracts	\$84,043,818	\$(50,491,727)	\$33,552,091
Foreign exchange contracts	<u>13,616</u>	<u>(5,875)</u>	<u>7,741</u>
	<u>\$84,057,434</u>	<u>\$(50,497,602)</u>	<u>\$33,559,832</u>
Long-term commodity contracts	<u>\$14,528,006</u>	<u>\$(8,465,519)</u>	<u>\$ 6,062,487</u>
Liabilities:			
Short-term commodity contracts	\$67,417,737	\$(50,491,727)	\$ 16,926,010
Foreign exchange contracts	<u>5,875</u>	<u>(5,875)</u>	<u>-</u>
	<u>\$67,423,612</u>	<u>\$(50,497,602)</u>	<u>\$16,926,010</u>
Long-term commodity contracts	<u>\$12,979,811</u>	<u>\$(8,465,519)</u>	<u>\$ 4,514,292</u>

10. FAIR VALUE MEASUREMENTS

The Companies use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other

market information for identical and/or comparable assets and liabilities that are measured at fair value on a recurring basis.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Professional standards describe a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical unrestricted assets or liabilities in active markets that the Companies have the ability to access. This level primarily consists of financial instruments such as exchange-traded derivatives.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The Companies use the accessible active market quotes plus or minus an observable differential and market data observed on industry trading exchanges for valuation of Level 2 assets and liabilities. This level primarily consists of nonexchange traded derivative assets and liabilities, such as over the counter forwards, swaps and options and is reflected at fair value on the combined balance sheets.

Level 3—Inputs to the valuation methodology are generally unobservable. These inputs reflect management's best estimate of fair value using its judgment about the assumptions a market participant would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The following table sets forth, by level and within the fair value hierarchy, the Companies' financial instruments at fair value as of June 30, 2021 and 2020:

	2021	Level 1	Level 2	Level 3	Total
Assets:					
Commodity contracts	<u>\$44,599,625</u>	<u>\$60,848,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,447,803</u>
Liabilities:					
Commodity contracts	\$61,003,997	\$43,481,494	\$ -	\$ -	\$ 104,485,491
Foreign currency	<u>6,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,549</u>
Total	<u>\$61,010,546</u>	<u>\$43,481,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,492,040</u>

2020	Level 1	Level 2	Level 3	Total
Assets:				
Commodity contracts	\$42,523,511	\$56,048,313	\$ -	\$98,571,824
Foreign currency	<u>13,616</u>	<u>-</u>	<u>-</u>	<u>13,616</u>
Total	<u>\$42,537,127</u>	<u>\$56,048,313</u>	<u>\$ -</u>	<u>\$98,585,440</u>
Liabilities:				
Commodity contracts	\$39,458,429	\$40,939,119	\$ -	\$80,397,548
Foreign currency	<u>5,875</u>	<u>-</u>	<u>-</u>	<u>5,875</u>
Total	<u>\$39,464,304</u>	<u>\$40,939,119</u>	<u>\$ -</u>	<u>\$80,403,423</u>

The carrying amounts of receivables, funds on deposit and contract deposits approximate fair values because of the short-term maturity of these instruments.

The carrying amounts of payables and accrued expenses approximate fair value because of the short-term maturity of these instruments. The carrying value of the line of credit approximates fair value due to the short-term nature of the line.

The methods used by the Companies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Companies believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

11. INCOME TAXES

The provision for income taxes consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Current:		
Foreign—Canadian	\$ 124,834	\$(118,281)
Foreign—Mexican	<u>(34,049)</u>	<u>(18,113)</u>
	90,785	(136,394)
Deferred—foreign—Canadian	<u>(323,004)</u>	<u>(813,607)</u>
Total	<u>\$(232,219)</u>	<u>\$(950,001)</u>

UETC and Peak, Canadian corporations, are taxed at 27% and 25%, respectively, which represents a combined Canadian national tax rate and a provincial tax rate. Nuevo and UETMX, Mexican corporations, and REMC are taxed based on applicable Mexican statutes. These entities report their taxable income on a calendar year basis.

The combined rate differs from the statutory rate due to the majority of the entities in the group being taxed as partnerships and not paying taxes on income.

Temporary differences between financial statement amounts and tax basis of assets and liabilities that result in the Companies' net deferred tax assets (liabilities) are related to derivative mark to market and inventory write-downs.

12. RELATED-PARTY TRANSACTIONS

The related-party transactions not eliminated in the consolidation and combination consist of transactions with companies related through common control and management, owners and employees.

At June 30, 2021, the Companies had accounts receivable due from other related parties of \$763,604 related to expenses paid on behalf of certain affiliates. These amounts are settled on a regular basis.

REMC has a loan to RC Energy. RC Energy is owned 50% by Nuevo. The notes receivable is due on April 15, 2022. Interest income received on the notes receivable from RC Energy was \$117,937 and \$120,329 for the years ended June 30, 2021 and 2020.

REMC buys, sells and schedules natural gas and electricity on behalf of RC Energy. Net profit for these activities remitted by REMC to RC Energy for the years ending June 30, 2021 and 2020, was \$674,686 and \$445,939, respectively.

REMC also provides certain trading and administrative functions to RC Energy and RC Energy reimburses REMC monthly for those costs. RC Energy reimbursed REMC \$3,417,074 and \$1,309,294 for the years ending June 30, 2021 and 2020, respectively.

The notes payable to shareholder mature on December 31, 2022, and bear interest at the rate charged under the Macquarie revolving credit facility (2.825% and 2.7% at June 30, 2021 and 2020, respectively). For the years ended June 30, 2021 and 2020, interest expense on the notes payable to shareholder totaled \$69,005 and \$98,826, respectively.

The combined balance sheets include the following related-party balances as of June 30, 2021 and 2020:

	2021	2020
Accounts receivable from other related parties—affiliates	<u>\$ 763,604</u>	<u>\$ -</u>
Notes receivable from related party—RC Energy	<u>\$1,750,000</u>	<u>\$2,000,000</u>
Notes payable to related party—shareholder	<u>\$2,482,980</u>	<u>\$2,482,980</u>

Regular distributions occur to allow shareholders to pay income taxes.

13. RETIREMENT PLANS

Defined Contribution Plans—The Companies have two 401(k) profit sharing plans, which cover substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 401(k) of the Internal Revenue Code. The Companies match 4% of the employee contributions and additional contributions may be made to the plans at the discretion of the employer.

The 401(k) expense for these plans for the years ended June 30, 2021 and 2020, was \$1,559,345 and \$1,120,475, respectively, and was recorded as an operating expense within the combined statements of comprehensive income.

Defined Benefit Plans—The Companies contribute to the Canada Pension Plan and match 100% of the employee contributions. Employees were required by statute to contribute 5.45% and 5.25% of their gross pensionable and taxable income in 2021 and 2020, respectively. The maximum employee contribution was \$3,166 and \$2,898 for 2021 and 2020, respectively.

Pension expense for the years ended June 30, 2021 and 2020, was \$9,963 and \$6,598, respectively, and was recorded as an operating expense within the combined statements of comprehensive income.

Canadian Savings Plan—Two of the subsidiaries have a registered retirement savings plan for their Canadian employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with the Canadian Income Tax Act. The Companies match 4% of the employee contributions and additional contributions may be made to the plan at the discretion of the employer.

Expense related to this plan for the years ended June 30, 2021 and 2020, was \$151,237 and \$19,230, respectively, and was recorded as an operating expense within the combined statements of comprehensive income.

14. COMMITMENTS AND CONTINGENCIES

Firm Transportation, Crude Oil Loading and Pipeline, Gas Storage and Capacity Agreements—UET, UETC, REMC and RGC routinely enter into various firm transportation, crude oil loading and pipeline, as well as gas storage and capacity agreements with varying maturity dates. Under the agreements, these companies must make specified minimum payments each month for the agreed-upon volume of gas and crude oil. Contract prices vary depending on the agreement. These agreements expire through October 2039.

The annual commitment for the next five years and thereafter by the Companies under the firm transportation, storage, loading and pipeline agreements is as follows:

2022	\$ 59,103,887
2023	21,896,015
2024	18,372,384
2025	13,361,025
2026	2,943,170
Thereafter	<u>5,052,432</u>
	<u>\$ 120,728,913</u>

Leases—The Companies have various leases, including office and tank space leases. The leases generally have terms ranging from one to five years.

Minimum lease payments under the various leases are as follows:

2022	\$ 8,528,084
2023	2,596,574
2024	1,561,527
2025	1,493,535
2026	600,000
Thereafter	<u>-</u>
	<u>\$ 14,779,720</u>

Rent expense for the various leases totaled \$8,382,440 and \$4,500,224 for the years ended June 30, 2021 and 2020, respectively.

Litigation—The Companies are subject to various other legal proceedings, claims and litigation that arise in the ordinary course of operations, including, but not limited to, refunds of preferential claims in bankruptcy filings of their customers. The Companies accrue a liability for those contingencies when the loss is probable and the amount can be reasonably estimated. In the opinion of management, the amount of liability, if any, with respect to these actions would not materially affect the financial position or results of operations of the Companies.

Winter Storm Uri—During February of 2021, the United States experienced a widespread major winter and ice storm with impacts across the United States and northern Mexico referred to as “Winter Storm Uri”. Winter Storm Uri caused significant volatility in the energy markets, including both electricity and natural gas markets. REMC and UET were both market participants during the storm and involved in certain litigation matters as a result. Additionally, REMC was exposed to Electric Reliability Council of Texas (ERCOT) short pays on certain receivables.

REMC is a plaintiff in a contractual dispute currently pending before the U.S. District Court for the Western District of Texas, Austin Division. The litigation involves a contractual dispute over services performed by REMC during one week in February. REMC initiated the litigation by seeking a declaratory order that it is not obligated to pay its counterparty any monetary consideration. The litigation is in discovery and management has determined that the likelihood of any material resulting loss is remote.

At UET, there is no material pending litigation resulting from Winter Storm Uri.

ERCOT Defaults and Short Pays—Several market participants defaulted on their ERCOT transactions following Winter Storm Uri. Defaulting parties resulted in ERCOT short-paying other market participants that are owed net payments in the market operator's settlement process. The cumulative short pay amount due to REMC as of June 30, 2021, was approximately \$5.9 million. REMC's net share of the short pay balance is \$1.7 million and \$4.2 million of the short pay balance is the responsibility of REMC's counterparties and has been netted against payables to those counterparties.

American Midstream—On April 11, 2017, REMC filed suit against American Midstream (Alabama Intrastate), LLC (American Midstream) in the District Court of Harris County, Texas. REMC alleged that American Midstream breached and repudiated a natural gas balancing agreement by not providing REMC with the maximum daily quantity of gas

specified in the contract, improperly prioritizing other shippers on several occasions, and defrauding REMC by entering into the contract with no intention or ability to fully perform. As a result of American Midstream not providing the natural gas as specified under the contract, REMC suffered lost profits. American Midstream filed a counterclaim against REMC alleging that REMC improperly terminated the contract. On July 29, 2019, the judge ruled in favor of REMC. On November 22, 2019, a modified final judgement was signed in the 157th District Court awarding REMC actual damages of \$6.1 million, pre-judgment interest of \$449,000, and post-judgment interest from the date the judgement was rendered until paid. On February 3, 2020, American Midstream appealed the decision to the First Court of Appeals in Houston, Texas. On February 13, 2020, a bond sufficient to secure the actual damages, costs and interest awarded in the final judgement against American Midstream, pending their appeal, was executed. This matter is pending in the First Court of Appeals. REMC and American Midstream completed filing briefs with the court on June 7, 2021. Oral arguments were held on September 21, 2021. No amounts have been recorded in the financial statements for this matter as it is pending resolution of the appeal by American Midstream.

Other prior litigation—In December 2019, UET, doing business as Blue Spruce Energy Services (Blue Spruce), settled litigation pending in the Northern District of California for the past four years against a local utility for the sum of \$8.5 million, subject to review and approval of the U.S. Bankruptcy Court in California. This litigation involved allegations against the local utility for various state law claims, including breach of fiduciary duty. While litigation was pending the local utility filed for bankruptcy protection. Due to the uncertainty involved in the bankruptcy proceedings, UET sold its allowable claim to a third party. A portion of the proceeds were used to settle outstanding accounts receivable with Blue Spruce and UET reversed its allowance for doubtful accounts and recognized a reduction of bad debt expense, which is included in compensation, general and administrative expense, of \$1,743,771 for the year ended June 30, 2020. UET also recognized other income from the litigation settlement of \$5.4 million for the year ended June 30, 2020.

Guarantees—As normal course of business, the Companies routinely enter into industry standard natural gas and crude oil purchase and sale contracts. Such contracts often require guarantees to be issued by UEC on behalf of its subsidiaries. The guarantees provide or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis and are associated to the underlying contract obligations between the subsidiary and a third party. Such guarantees are issued to support the subsidiaries performance or payment responsibilities that are contained in such contracts.

15. SUBSEQUENT EVENTS

The Companies have evaluated subsequent events between the combined balance sheet date and September 24, 2021, the date which the combined financial statements were available to be issued, that would require recognition or disclosure in the financial statements. No events were identified that require consideration as adjustments to, or disclosures in, the combined financial statements.

* * * *

2021 ANNUAL REPORT

Supplementary Information

Ready access to reliable sources of energy is necessary for sustained economic growth. United Energy Corporation is proud to offer a full spectrum of energy solutions to our ever-expanding customer base in the United States, Canada and Mexico

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**SCHEDULE OF OIL AND NATURAL GAS DATA (UNAUDITED)
ESTIMATED PROVED OIL AND GAS RESERVES
AS OF JUNE 30, 2021**

The changes in the Companies' estimated quantities of proved oil and natural gas reserves were as follows:

	Oil (Bbl)	Gas (MCF)
Proved reserves:		
Balance at beginning of year	8,183,986	13,879,737
Production	(1,316,348)	(3,123,160)
Extensions, discoveries and other additions	369,465	769,537
Revisions of previous estimates	<u>(1,250,409)</u>	<u>1,032,651</u>
End of year	<u>5,986,694</u>	<u>12,558,765</u>
Proved undeveloped reserves	985,801	1,103,581
Proved developed reserves	<u>5,000,893</u>	<u>11,455,184</u>
Total proved reserves	<u>5,986,694</u>	<u>12,558,765</u>

MCF—Thousand cubic feet
Bbls—Barrels

The standardized measure of the Companies' estimated discounted future net cash flows of total proved reserves associated with its various oil and natural gas interests was as follows:

Future cash inflows	\$ 253,298,816
Future production costs	(125,741,025)
Future development costs	<u>(12,568,833)</u>
Future net cash flows before discount	114,988,958
Annual discount at 10%	<u>(37,654,368)</u>
Standardized measure of discounted future net cash flows	<u>\$ 77,334,590</u>
To reconcile change in standardized measure of discounted future net cash flow during 2021:	
Beginning of year	\$ 120,130,304
Sales of oil and gas—net of production costs	(48,923,513)
Extensions, discoveries, revisions of estimates and changes in net prices	<u>6,127,799</u>
End of year total	<u>\$ 77,334,590</u>

The Companies' calculations of the standardized measure of discounted future net cash flows does not include the effect of estimated future income tax expenses as the Companies are Subchapter S entities and not subject to income taxes. The calculation also includes discounted net cash flows attributable to UET, in which there is a noncontrolling interest.

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING CORPORATION AND SUBSIDIARIES**

**SCHEDULE OF OIL AND NATURAL GAS DATA (UNAUDITED)
ESTIMATED PROVED OIL AND GAS RESERVES
AS OF JUNE 30, 2020**

The changes in the Companies' estimated quantities of proved oil and natural gas reserves were as follows:

	Oil (Bbl)	Gas (MCF)
Proved reserves:		
Balance at beginning of year	9,769,966	15,281,340
Production	(1,640,812)	(2,912,939)
Extensions, discoveries and other additions	1,611,638	2,099,202
Revisions of previous estimates	<u>(1,556,806)</u>	<u>(587,866)</u>
End of year	<u>8,183,986</u>	<u>13,879,737</u>
Proved undeveloped reserves	1,577,739	1,826,037
Proved developed reserves	<u>6,606,247</u>	<u>12,053,700</u>
Total proved reserves	<u>8,183,986</u>	<u>13,879,737</u>

MCF—Thousand cubic feet
Bbls—Barrels

The standardized measure of the Companies' estimated discounted future net cash flows of total proved reserves associated with its various oil and natural gas interests was as follows:

Future cash inflows	\$ 375,498,880
Future production costs	(164,584,982)
Future development costs	<u>(24,453,098)</u>
Future net cash flows before discount	186,460,800
Annual discount at 10%	<u>(66,330,496)</u>
Standardized measure of discounted future net cash flows	<u>\$ 120,130,304</u>
To reconcile change in standardized measure of discounted future net cash flow during 2020:	
Beginning of year	\$ 182,155,643
Sales of oil and gas, net of production costs	(65,455,936)
Extensions, discoveries, revisions of estimates and changes in net prices	<u>3,430,597</u>
End of year total	<u>\$ 120,130,304</u>

The Companies' calculations of the standardized measure of discounted future net cash flows does not include the effect of estimated future income tax expenses as the Companies are Subchapter S entities and not subject to income taxes. The calculation also includes discounted net cash flows attributable to UET, in which there is a noncontrolling interest.

**UNITED ENERGY CORPORATION AND SUBSIDIARIES AND
RAINBOW ENERGY MARKETING AND SUBSIDIARIES**

**SCHEDULE OF OIL AND NATURAL GAS DATA (UNAUDITED)
ESTIMATED PROVED OIL AND GAS RESERVES
RESERVE INFORMATION AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Estimated Proved Reserves (Unaudited)

The preceding estimates of proved developed and proved undeveloped reserve quantities and related standardized measure of discounted net cash flows are estimates only and do not purport to reflect realizable values or fair market values of the Companies' reserves. Reserves are estimated based upon data as of May 31, 2021 and 2020, respectively. Differences in estimated reserve quantities and related standardized measure of discounted net cash flows between May 31, 2021, and June 30, 2021, were evaluated and concluded to be immaterial, thus the Companies believe their reported amounts approximate those at year-end. Such reserve estimates are based upon a number of variable factors and assumptions, which may cause these estimates to differ from actual results. The Companies emphasize that reserve estimates are inherently imprecise and estimates of new discoveries are more imprecise than oil and natural gas properties that have been producing for several years. Accordingly, these estimates are expected to change as future information becomes available. All of the Companies' reserves are located in North Dakota and Montana.

Proved developed reserves are estimated reserves of crude oil and natural gas that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reserves under existing economic and operating conditions. Proved developed reserves are those expected to be recovered through existing wells, equipment, and operating methods. Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled.

The standardized measure of discounted future net cash flows is computed by applying average fiscal-year prices (average of first day of the month price for each month within the 12-month period) to the estimated future production of proved oil and natural gas reserves, less estimated future expenditures (based on year-end costs) to be incurred in developing and producing the proved reserves and assuming continuation of existing economic conditions. The estimated future net cash flows are then discounted using a rate of 10% a year to reflect the estimated timing of future cash flows.

United Energy Corporation

THANK YOU TO ALL OF OUR LOYAL EMPLOYEES

I would like to thank our entire team for their hard work and commitment to United Energy Corporation throughout the last year. We couldn't do this without all of your dedication and support.



LOREN KOPSENG
PRESIDENT & CEO

Andrew Acevedo	George Gilbert	Scott Louderback	Dave Shaw
Rudy Acevedo	Lori Goetzfridt	Fraser MacDonald	Steven Sherrick
Seth Alward	Rich Greenwell II	Brian MacPherson	Stephen Shortell
Ethan Anderson	David Hall	Jane Mann	Elizabeth Slott
Rick Anderssen Jr	William Hangsleben	Joel Marce	Gregory Smith
Demi Arenas	Zackary Hanks	Shawn Martin	Nicole Smith
Sam Arneson	Dennis Hansen	Peter McCarty	Tom Smith
Val Bailey	Louise Harrison	Frances Grace McCreary	Amy Snyder
Serafin Barayazarra	Ryan Harrison	Tyler McNulty	Imee Songer
Kurt Batenhorst	Jaclin Hastings	Derek Miles	Rickey Sornberger
Dale Baumgarten	Mark Hastings	Bruce Mills	Nathan Sprague
Kyle Bemis	Amy Hayduk	Dale Miranda	Eric Sproul
Kristine Birdsall	Brandon Heidt	Mark Mortensen	Janelle Steiner
Christian Boknecht	Jodi Herslip	Michael Moshiri	Maggie Steitz
Stacey Braunage	Zac Hildebrandt	Chris Mosley	Eric Sterr
Stacie Bush	Jason Hill	Michael Nale	James Stilling
Justin Carlton	Jason Hilsabeck	Bradley Nesiba	William Swan
Andrea Christie	Jeremy Hodges	Lloyd Nichols	Jessica Thomas
KJ Coghlan	Pamela Holm	Dustin Odum	Adrienne Thompson
Shane Comtois	Lorette Hoopman	Kevin Onken	Kenneth B. Thomson
Ryan Davis	Jacob Housman	Jared Ottoson	Shawn Tomanek
Joseph Davis	Joey Hoytel Jr	Sharran Patterson	Matthew Tracey
Melodie Davis	Michael Huggins	Tim Penney	Tony Tran
Rodney Drake	Joshua Irsik	Dave Pettinger	Stacy Tschider
Cheryl Dunn-Williams	Jeff Jonson	Sarah Pierson	Janine Urbanski
Kit Ebach	Jay Jordan	Justin Pino	Elizabeth Urlacher
Hannah Eggers	Robert Kabore	Robert Platt II	Terry Urlacher
Marcus Eller	Dmitry Kaydanov	Brian Potts	Cav Vassau
Brian Elliott	Kevin Kirk	Maurice Purnell	Mark Velarde
Darci Ellwein	Andrew Kochmann	Jaden Ramer	Michael Venditti
Jolene Erdman	Hunter Kopseng	Jonathan Reed	Gretchen Vetter
Andrei Evdokimoff	Loren Kopseng	Paula Regan	Seamus Waters
Chris Faul	Ryan Kopseng	Lyndsey Roemmich	Jared Whitcomb
Mark Fetch	Sander Kopseng	Scott Russell	Bradley White
Deidre Firster-Neumann	Rayna Kordonowy	Phill Sabol	Jennifer Williams
Emma Fisher	Keith Korin	Tyler Salyards	Jordan Williams
Cole Fleck	Johann Kriek	Dave Sandy	Madison Williams
James Fox	Uysie Kriek	Gabe Sandy	Matthew Williams
Brad Freeman	Gwen Kyle-Jackson	Aaron Schilz	Rob Williams
Marc Fremming	Jason Lagge	Robert Schmidt	Tom Williams
Sarah Fremming	Stephen Lewis	Chris Schneider	Jonathan Wilson
Alfred Gallo	Matthew Lindsay	Alex Schomers	Earl Winterbottom
Jeff Gebert	Jeffrey Lines	Gwen Schoepp	Joe Wolfe
Chris Gerving	Matthew Lokken	Ted Schuler	Kari Wolff
Jeffrey Gibbs	Karen Long	Andrea Scott	

Glossary Of Energy & Financial Terms

Listed are definitions of UEC's key business and financial performance measures. These definitions are provided to assist in the understanding of the terms and their calculation.

ENERGY TERMS

Acreage:

Land leased for crude oil and natural gas exploration and production.

Barrels of Oil Equivalent (BOE):

A unit of measure to quantify crude oil and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content.

DUC:

Drilled, but uncompleted well which is a new well after the end of the drilling process, but its first completion process has not been concluded.

Held By Production (HBP):

When a well is drilled during the primary term of the lease agreement and production has occurred the lease is automatically extended. The mineral lease will remain valid as long as the production royalties are paid to the lessor as outlined in the mineral lease agreement.

Reserves:

Crude oil or natural gas contained in underground rock formations call reservoirs.

Proved Developed Reserves:

The estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. They are expected to be recovered through existing wells, equipment and operating methods.

Proven Undeveloped Reserves:

The estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. They are expected to be recovered through special (more extensive) recovery methods.

FINANCIAL TERMS

Capital and Exploration Expenditures (Capex):

Capital and exploration expenditures are the combined total of additions at cost of property, plant, and equipment, and exploration expenses.

Current Ratio:

Current assets divided by current liabilities. The current ratio is a liquidity measure of a company's ability to cover its short-term obligations to trade creditors with cash and assets that can be converted to cash in a relatively brief period of time.

EBITDA:

Net income before taxes, interest expense, depreciation, depletion and amortization.

Adjusted EBITDA:

Net income before taxes, interest expense, depreciation, depletion, amortization and impairment of oil and natural gas properties.

Finding & Developing Cost (F&D):

Exploration and development expenditures per fiscal year divided by reserve additions. Often expressed as F&D per BOE discovered.

Free Cash Liquidity:

Available cash to the company after all expenses have been paid. (Cash + cash equivalents + cash flow from operations + unused bank revolver) – (Interest expense + capex + debt repayments).

Interest Coverage Ratio:

Adjusted EBITDA divided by interest expense. This ratio measures the company's ability to make interest payments.

Net Income:

The primary earnings measure for a company, as determined by Generally Accepted Accounting Principles (GAAP).



Operating Income:

(Sales - Cost of Goods Sold - Selling, General & Administration Expenses - Depreciation.) Also, referred to as Earnings Before Interest and Taxes (EBIT.)

Present Value 10% (PV10%):

A standardized measure of discounted future net cash flows that is derived by applying estimated prices and estimated price caps in net of the estimated expenditures to be incurred in developing and producing the reserves. These cash flows are then discounted at a rate of 10% per year to reflect the estimated timing of future cash flows.

Quick Ratio:

Current assets minus inventory divided by current liabilities. The quick ratio is a liquidity measure of a company's ability to cover its short-term obligations to trade creditors without the sale of its inventory.

Reserve Replacement:

Ratio of proven reserves located per fiscal year divided by production volumes for the same time period.

Reserve Life Index:

The number of years it would take to deplete the proven reserves using the fiscal year's production volumes.

Return on Assets:

Net income divided by average total assets. Measures how much net income is produced per dollar of assets.

Return on Equity:

Net income divided by stockholders' equity. Measures the return to the owners on a percentage basis.

Working Capital:

Current assets minus current liabilities. Measures in dollars the margin of protection for current trade creditors.

Business Contacts

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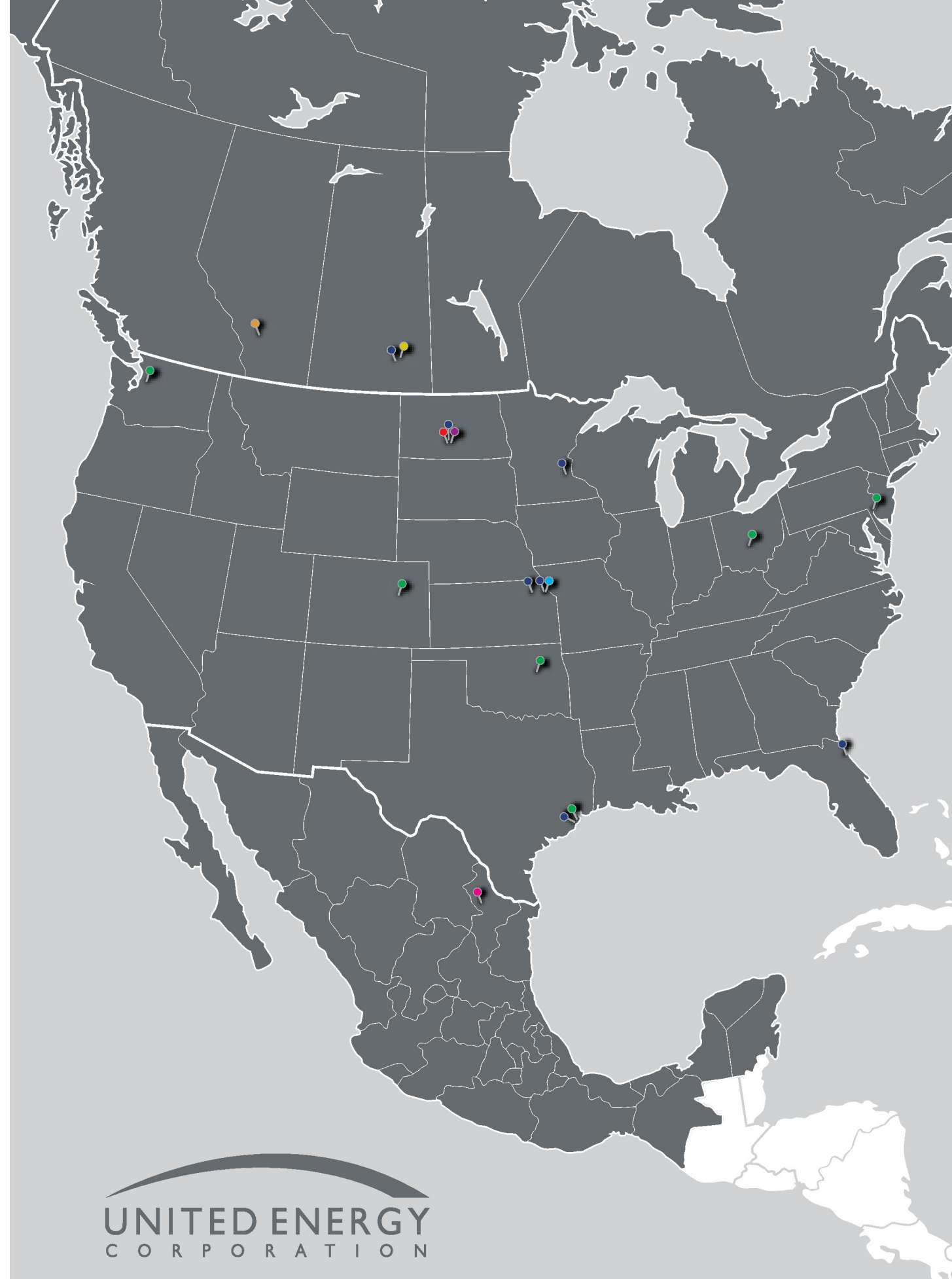
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Jason Hill, Chief Credit Officer Cloverleaf Office Bldg #3 Overland Park, KS 66202 (832) 823-1474
James Fox, Director, Credit Risk





MISSOURI RIVER ROYALTY CORPORATION

RAINBOW ENERGY MARKETING CORPORATION

RAINBOW GAS COMPANY

UNITED ENERGY TRADING, LLC

UNITED ENERGY TRADING CANADA, ULC

919 South 7th Street
Suite 405
Bismarck, ND 58504

www.uecorporation.com

SECTION 6.0: SOLICITATION RESPONSE FORM

RFP-5165-23-DD "3rd Party Natural Gas Services for the City of Grand Junction"

Offeror must submit entire Form completed, dated, and signed.

The Owner reserves the right to accept any portion of the Services to be performed at its discretion.

The undersigned has thoroughly examined the Request for Proposal and submits the proposal and schedule of fees and services attached hereto.

This offer is firm and irrevocable for sixty (60) days after the time and date set for receipt of proposals.

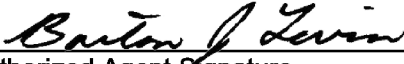
The undersigned Offeror agrees to provide services and products in accordance with the terms and conditions contained in this Request for Proposal and as described in the Offeror's proposal attached hereto; as accepted by the Owner.

Prices in the proposal have not knowingly been disclosed with another provider and will not be prior to award.

- Prices in this proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition.
- No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- The individual signing this proposal certifies they are a legal agent of the Offeror, authorized to represent the Offeror and is legally responsible for the offer with regard to supporting documentation and prices provided.
- Direct purchases by the City of Grand Junction are tax exempt from Colorado Sales or Use Tax. Tax exempt No. 98-903544. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices.
- City of Grand Junction payment terms shall be Net 30 days.
- Prompt payment discount of -0- percent of the net dollar will be offered to the Owner if the invoice is paid within N/A days after the receipt of the invoice. The Owner reserves the right to consider any such discounts when determining the bid award that are no less than Net 10 days.

RECEIPT OF ADDENDA: the undersigned Firm acknowledges receipt of Addenda to the Solicitation, Specifications, and other Contract Documents. State number of Addenda received: One, if this is an addenda

It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

<u>A M Gas Marketing Corp.</u>	<u>Barton J Levin</u>
Company Name – (Typed or Printed) Authorized	Agent – (Typed or Printed)
<u></u>	<u>970-704-0866</u>
Authorized Agent Signature	Phone Number
<u>225 Union Blvd, Suite 200</u>	<u>blevin@amgasco.com</u>
Address of Offeror	E-mail Address of Agent
<u>Lakewood, CO 80228</u>	<u>March 13, 2023</u>
City, State, and Zip Code	Date

3rd Party Natural Gas
RFP-5165-23-DD
Alternative Pricing

In addition to the original proposal submitted, please provide the following Alternative Pricing:

Fixed Price (per dth) for the period of May 1, 2023, through April 30, 2025 (24 Month Period) \$ 5.40

Written fixed price amount Five dollars and forty cents per dth.

Provide a description of how you arrived at your fixed rate. Include any attachments if needed.

Price was arrived by observing the offer prices in the natural gas futures market for the Northwest Pipeline Corp. Rocky Mountain region index prices and creating a weighted average of these prices using the 2022 monthly volumes provided in the RFP. To the result we added our proposed margin of \$.15/dth and expected hedging costs of \$.25/dth.

If the City opts to expand the number of facilities to that currently being served, please provide the process for adding these to the existing contract. Provide costs, who provides the labor to install meters, timing, etc.

AMGAS has committed to contribute \$500 per meter to the City's cost of running a phone line to any additional meter. The City would be responsible for the ongoing cost and maintenance of the phone line. Xcel Energy would install an electronic meter head to any gas meter proposed for our service and connect the phone line to the meter at no cost to the City.

We would calculate an estimated monthly usage for the new facility based on its size and the actual usage of similar facilities we serve. We could bill any new meter at the index-based price proposed in our RFP response. Alternatively, using the projected usage and the futures prices then in effect, we could arrive at a fixed price for this facility for the remainder of the fixed price term then in effect for the rest of the City's meters we were serving and charge a new fixed price for the additional meter. The City would then have the option of having the new facility on the index-based price or the proposed fixed price. In any renewal contract term the added facility would be included in the calculation of the fixed price for the entire group of facilities we were serving.