



August 13, 2026
Sent via Electronic Mail

Jeff Eichman
PDC Energy, Inc.
1099 18th Street, Suite 1500
Denver, CO 80202

Re: **Proposed Early Settlement Agreement in the Matter of PDC Energy, Inc.**
 Case No. 2026-056
 AIRS No. 123-9E5D

Dear Jeff Eichman:

PDC Energy, Inc. (“PDC”) owns and operates the oil and gas exploration and production facility known as Marcus LD Pad located at SESE Section 34, Township 1N, Range 67W, Weld County, Colorado (“Facility”). The Facility is subject to the terms and conditions of the Colorado Air Quality Control Statutes and Colorado Air Quality Control Commission (“AQCC”) Regulations.

The following equipment located at the Facility is relevant to this enforcement action (“Equipment”):

Table 1: Equipment Description

AIRS Point	Equipment Description	Emissions Control Description
001	Twelve (12) 500 Barrel Condensate Storage Tanks	Vapor Recovery Unit (“VRU”) and Enclosed Combustion Device during VRU downtime

On February 26, 2025, Brynn Harrison, of the Colorado Air Pollution Control Division (“Division”), inspected the Facility. Panteleimon Stathopoulos, of the Division,



reviewed records related to the Facility. Based on the inspection, and a review of records related to the Facility, the Division issued a Compliance Advisory to PDC on February 25, 2026. On April 22, 2026, the Division and PDC met to discuss the issues identified in the Compliance Advisory.

Based upon a review of the inspection, records related to the Facility, and the information provided by PDC, the Division has determined the following:

- A. Pursuant to AQCC Regulation Number 7, Part B, § II.C.2.a, PDC is required to route all hydrocarbon emissions to air pollution control equipment, and must operate without venting hydrocarbon emissions from the thief hatch (or other access point to the tank) or pressure relief device during normal operation. PDC observed emissions from Tank #12 (serial number: 11032) and discovered an open blowdown valve on March 4, 2025. PDC reported tank pressure data that indicated the blowdown valve was open on February 24, 2025. On March 4, 2025, PDC closed the blowdown valve. PDC failed to route all hydrocarbon emissions to the control equipment and failed to operate without venting from February 24, 2025 to March 4, 2025, violating AQCC Regulation Number 7, Part B, § II.C.2.a.
- B. Pursuant to AQCC Regulation Number 7, Part B, § I.C.1.b, all hydrocarbon liquids and produced water collection, storage, processing, and handling operations, regardless of size, must be designed, operated, and maintained so as to minimize emission of volatile organic compounds (“VOC”) to the atmosphere to the maximum extent practicable. As described in Paragraph A, Tank #12 (serial number: 11032) vented VOCs from an open blowdown valve. From February 24, 2025 to March 4, 2025, PDC failed to design, operate, and maintain all hydrocarbon liquids and produced water collection, storage, processing, and handling operations, regardless of size, so as to minimize emission of VOC to the atmosphere to the maximum extent practicable, violating AQCC Regulation Number 7, Part B, § I.C.1.b.

The Colorado Air Pollution Prevention and Control Act, at § 25-7-122(1)(b), C.R.S., specifies the penalty for such violations. The monetary amount of the Division’s settlement offer specified below takes into account, among other factors, the magnitude and severity of the violation, cooperation of the company, as well as the prior history of violations of air quality requirements associated with any of the company’s facilities/operations in the State of Colorado (including a company’s parent or subsidiary relations, if applicable). Settlement offers are based on the

evaluation of the same factors and criteria in all cases. Based upon PDC's cooperation, and its efforts to bring its operations into compliance with the regulations and permit conditions identified above, the Division acknowledges that PDC has appropriately and adequately addressed all compliance issues identified above. In the interest of settling the matters cited herein, the Division therefore offers the following settlement.

1. Payment of a reduced penalty in the sum of **Eighteen Thousand Three Hundred Seventy Five Dollars (\$18,375.00)**. Payment of the penalty precludes further enforcement by the Division for the above-described violations against PDC. The Division retains its authority to take enforcement actions based on any and all violations not specifically described above.
2. Entering into this settlement shall not constitute an admission of violation of the air quality laws, or the alleged facts relating thereto, nor shall any third party infer it to be such an admission in any administrative or judicial proceeding. However, PDC agrees not to challenge the factual or legal determinations herein, the Division's authority to bring, or the court's jurisdiction to hear, any action, insofar as it pertains to the matters contained herein, to enforce the terms of this settlement agreement. The described violations will constitute part of PDC's compliance history for any purpose for which such history is relevant.

This letter constitutes an offer of settlement and is not a demand for payment. Please contact me if you wish to discuss this offer of settlement. We remain willing to consider any information you wish to submit related to the violation. Please be advised, however, that the offer of settlement contained in this letter is predicated on resolving this matter within fifteen (15) calendar days of the date of this settlement proposal letter. If you elect to continue the negotiation of this matter beyond that date, this offer shall be deemed withdrawn, and any penalty reduction built into this settlement proposal may be revoked. If you require additional time to evaluate this settlement proposal or discuss remaining issues with the Division, however, please contact me regarding your request for an extension of the offer. Any extension of the offer, if agreed to by the Division, must be confirmed, in writing, by the Division.

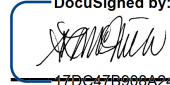
If the above terms are acceptable to you, please contact the Division and then sign the document in DocuSign and send a check in the sum of **Eighteen Thousand Three Hundred Seventy Five Dollars (\$18,375.00)**, made payable to the Colorado Department of Public Health and Environment, to

**Air Pollution Control Division
Attn: Heather Wuollet
4300 Cherry Creek Drive South
APCD-SS-B1
Denver, Colorado 80246-1530**

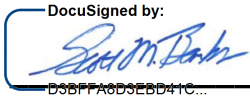
The penalty check is due within thirty (30) calendar days of PDC's signature. Payment of the penalty amount specified above and settlement endorsement by both the Division and PDC constitutes full and final resolution of the noncompliance issues identified herein and in the Compliance Advisory issued to PDC.

You may write or call to request a settlement conference if you wish to discuss the matter with representatives of the Division's compliance staff. If we do not receive a response from you within fifteen (15) calendar days of the date of this letter, we will assume that you are not interested in resolving this matter as outlined above. Please call Sarah Acosta at 303-866-6416, if you have any further questions regarding this matter.

Sincerely,

DocuSigned by:

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Shannon McMillan
Compliance and Enforcement Program Manager
Air Pollution Control Division

I certify that I am authorized by PDC Energy, Inc. to execute this settlement agreement and bind PDC Energy, Inc., and any affiliated entities, to the terms and conditions of this agreement. I have read the above settlement and agree to the terms and conditions of this offer.

Signature:  _____ Date: 8/27/2026

Name: Scott M. Banks Title: Assistant Secretary

Telephone Number: (925)842-1000

cc: Shannon McMillan, APCD
Sarah Acosta, APCD
Brynn Harrison, APCD
Panteleimon Stathopoulos, APCD
Jen Sandor, APCD
Heather Wuollet, APCD
Jennie Morse, APCD
Jen Mattox, APCD
Craig Giesecke, APCD
Joseph Wright, APCD
Jason Long, APCD
Zachary Stazick, APCD
Rebecca Wilson, APCD
Robyn Wille, Attorney General's Office
Scott Patefield, EPA Region VIII
Chris Andrade, EPA Region VIII
File

