

**Attachment 8**

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**Terracore Operating Company LLC  
Statement of Qualifications**

September 16, 2019

Julie Lawrence  
County of Santa Barbara - Real Property Div.  
1105 Santa Barbara Street  
Santa Barbara, CA 93101

**Subject: Statement of Qualifications & Financial Background**

Dear Ms. Lawrence:

Terracore Operating Company LLC (TOC), in accordance with County Code Section 2-82.1 and California Public Utilities Code 6231, hereby provides its Statement of Qualifications and Financial Background. This memo is intended to demonstrate that TerraCore is both an experienced and well-funded operator and thus can responsibly maintain and operate pipelines which are located within the County's Right-of-Way.

**Statement of Qualifications**

TOC is a newly formed company whose primary purpose is the acquisition of the assets of ERG Operating Company, LLC. The management of this company has extensive and relevant experience in both heavy oil and working in the state of California. TOC intends to provide a culture of safety, environmental protection, community involvement, and operational excellence.

- CEO Will McConathy is the 4<sup>th</sup> Generation in his family to work in the oil field. The McConathy family has previously invested in California projects and is well acquainted with operations in California.
- COO Mark Depuy has worked as a senior manager at Unocal and subsequent independent oil companies with a focus on California operations. Mr. Depuy has over 40 years of oilfield experience, mostly in California.
- CFO Andy Lee worked in engineering and management capacities for ExxonMobil in Wyoming, Texas, and Norway. In addition, Mr. Lee worked in Private Equity in oil and gas and has over 20 years of oilfield experience.
- Chief Technology Advisor Brian Buchanan has worked for Shell, Oxy, Nations Petroleum (Vintage Petroleum), and Berry Petroleum on heavy oil projects in California. Mr. Buchanan has over 40 years of oilfield experience.
- Field Superintendent Rick Clark is an Orcutt native and has worked for Unocal, B.E. Conway Energy, and ERG Resources. Mr. Clark has dedicated his career to operations in the Cat Canyon area oilfields since 1979. Mr. Clark was the Field Superintendent for ERG prior to the TerraCore acquisition and thus proven that he and the company's dedicate team of operators can reliably and safely operate the Cat Canyon Oilfield.

## TerraCore- Statement of Qualifications

The senior management team of TOC has an extensive track record of managing major projects in California in a safe and environmentally protective manner.

### **Financial Background**

TOC was formed for the specific purpose of acquiring the ERG assets and as a result, has a clean balance sheet. TOC's financial backers, Blackrock and Siguler Guff, collectively manage over \$1 Trillion in assets. Their financial support, after a long and thorough due diligence process, should be interpreted as a vote of confidence behind the management team and the asset.

In addition to the capitalization of the company from major financial institutions, the acquired asset has long life production that yields significant cash flow. Currently, the field is producing over 1,800 barrels per day. At Brent prices of \$60 per barrel and a realized price accounting for transportation and marketing of \$52, cash revenue will exceed \$34 million annually at current production rates. Given the capital TOC plans on injecting into the field, TOC believes that production will increase from current levels, thereby providing additional revenue support.