AJL Foundation

June 11, 2026

Mayor and Members of the Aurora City Council
City of Aurora, Colorado

Re: Risks Associated with Proposed BLM Land Sale Near Aurora Reservoir

Dear Mayor and Members of the Aurora City Council,

I write to express my concern that the Bureau of Land Management's proposed sale of parcels adjacent to the Lowry Ranch CAP area could facilitate future oil and gas development activities that create material financial risks for SM Energy and its investors. I write in my personal capacity with the perspective gained from my role on the Board of the AJL Foundation, which is a shareholder of SM Energy.

While I recognize the importance of domestic energy production, prudent capital allocation requires careful consideration of foreseeable risks that may affect project economics, operational certainty, and long-term shareholder value.

The proximity of these parcels to the Aurora Reservoir raises several concerns that warrant municipal review and public disclosure.

Drinking Water Risk as a Financial Risk
The Aurora Reservoir is not simply a recreational asset; it is critical public infrastructure.

Any future incident, allegation, contamination concern, or public perception of risk affecting the reservoir could trigger:

- Regulatory intervention
- Additional monitoring requirements
- Litigation
- Operational restrictions
- Increased compliance costs

These risks can directly affect project economics and corporate value.

Community Opposition and Project Delay Risk
The public concerns already being raised regarding these parcels demonstrate that future development may encounter significant social and political opposition.

History has shown that projects facing sustained community opposition frequently experience:

- Delayed approvals
- Increased permitting costs
- Legal challenges
- Infrastructure redesign
- Additional mitigation requirements

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Such outcomes can materially affect expected returns on invested capital.

Municipal and Regulatory Risk
As Aurora continues to grow, the City's priorities regarding public health, water protection, land use, emergency management, and community planning may evolve.

Future regulatory changes or municipal actions designed to protect residents and water resources could increase operational uncertainty for projects dependent upon long-term development assumptions.

Long-Term Liability Risk
Investors are increasingly focused on potential future liabilities associated with environmental impacts, water-related disputes, and public health concerns.

Projects located near critical water resources often carry elevated risk profiles because liabilities can emerge years after development decisions are made.

Governance and Capital Allocation Risk
Shareholders depend upon management to allocate capital toward projects capable of generating durable returns. Charitable organizations' ability to pay for its work and distribute grants depend on successful financial returns.

When development opportunities involve heightened conflict around water resources, residential communities, schools, and municipal stakeholders, investors have legitimate concerns regarding whether risks have been appropriately identified, quantified, and disclosed.

Request
I respectfully encourage Aurora to communicate to the Bureau of Land Management any concerns regarding water resource protection, future development uncertainty, municipal impacts, and community risks associated with the proposed sale.

Such information is essential for ensuring that decision-makers, regulators, investors, and communities fully understand the potential consequences of development in this highly sensitive area.

Protecting critical public resources and identifying foreseeable risks before development occurs is in the best interests of residents, municipalities, and long-term shareholders alike.

Sincerely,

Signed by:
Felisa Gonzales
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Felisa Gonzales
In my personal capacity
Board Vice President, AJL Foundation