

# MAMMOTH

ENERGY SERVICES INC.

Mammoth Energy Services, Inc.,  
14201 Caliber Drive, Suite 300  
Oklahoma City, OK 73134

January 19, 2023

David A. Skeel  
Chairman, Financial Oversight and Management Board for Puerto Rico

Dear Chairman Skeel:

With 2023 underway, I write today to re-engage your attention on the more than \$375 million dollars owed to my company Mammoth Energy Services, Inc. (Mammoth) for restoration work completed by our wholly owned subsidiary, Cobra Acquisitions LLC (Cobra), in the aftermath of Hurricane Maria in 2017.

As you are aware, when Puerto Rico was without power in the days following Maria, Cobra mobilized more than 1,000 line crew members and equipment to the Island. They worked in harsh conditions for 18 months repairing the distribution and transmission infrastructure and restoring light, power, and daily life to the Commonwealth. The quality, scope and fees charged by Cobra for their services have been reviewed and validated by multiple third parties. We have been engaged in ongoing discussions with the Puerto Rico Electric Power Authority (PREPA), the Commonwealth of Puerto Rico and the Federal Emergency Management Agency (FEMA) regarding the outstanding debt.

During the almost four years following the completion of Cobra's work in Puerto Rico, we have encountered two main roadblocks in our efforts to get paid. The first has been a criminal investigation involving a former Cobra employee that has been resolved with both the legal system and FEMA concluding the matter had no impact or bearing on either of the contracts, the work performed or the procurement process in Puerto Rico. The second roadblock has been FEMA's analysis. In the Joint Status Report filed on January 7, 2023, PREPA indicates there are more than \$90 million dollars in undisputed funds available from FEMA for payment to Cobra for amounts outstanding under the second contract. FEMA has committed these funds to PREPA specifically for Cobra's validated work, yet PREPA still refuses to pay amounts that have been affirmed through FEMA's review process and that are available to PREPA. This stance by

PREPA, and de facto endorsement by the Financial Oversight and Management Board for Puerto Rico (FOMB) via its continued refusal to address this matter, is inexplicable, particularly given that PREPA continues to accrue interest on funds that FEMA has made available to pay Cobra.

While we fully anticipate being paid the entire amount due, which is currently in excess of \$375 million, there is nothing to suggest PREPA should wait for a complete resolution of all amounts due to Cobra to make payments, and thus no reason not to pay immediately. FEMA has approved the money for reimbursement, it is available and should be paid while parties litigate the remaining amounts owed to Cobra.

The delay in payment negatively impacts all parties. Interest on the debt continues to accrue at more than \$3.5 million dollars per month. This does not include the costs of ongoing litigation by multiple parties – PREPA, the FOMB, the Puerto Rico government and Cobra.

Most importantly, when natural disasters strike, the Island of Puerto Rico and its residents depend on private-sector partners. Leaving individuals and entities unpaid for debts owed, particularly when FEMA funds are available, sets a dangerous precedent for Puerto Rico and its people who will ultimately get stuck with the tab.

Thank you for your attention to this matter and please let me know if I can provide any additional information. My team stands ready to help with this situation in any constructive way possible.

Sincerely,

/s/ Arty Straehla

Arty Straehla  
Chief Executive Officer  
Mammoth Energy Services, Inc.  
Cobra Acquisitions LLC