



August XX, 2024

James Brady, Agent
BBR Natural Resources LLC (11923)
1232 Park St
Suite 201A
Paso Robles, CA 93446
Delivered via electronic mail:
jimmy@b5holdingsllc.com

RE: Indemnity Bond Determination to Acquire Marginal Producing Wells and Associated Facilities

To Mr. James Brady, Agent:

The purpose of this letter is to inform you that the Department of Conservation, Geologic Energy Management Division ("CalGEM") has determined that the operator acquiring the wells and facilities listed on Attachment A, will be required to file a bond in the amount of \$695,537.00 to comply with Public Resources Code section 3205.8.

This amount is based upon CalGEM's estimation of the cost to plug and abandon the wells and site remediation of associated production facilities. A breakdown of the cost estimate is provided in Attachment B. A more detailed Excel Spreadsheet is also attached that details The Termo Company Workbook for Cost Estimates (Attachment C). While it may not change the bonding amount determined by CalGEM, the acquiring operator may submit a cost estimate to plug and abandon the wells and decommissioning of applicable associated facilities, compiled by a third-party based on the factors listed in PRC section 3205.3 (b) or the cost estimation criteria described in PRC section 3205.7 (b), for consideration by CalGEM.

If you have any questions, please contact CalGEM's Enterprise Risk Unit, via email, at CalGEMEntRiskUnit@conservation.ca.gov.

Sincerely,

Elizabeth Yura

Elizabeth Yura
Deputy Supervisor

Attachments:

- A - Well Listing and Associated Facilities
- B - PRC 3205.8 Cost Estimate Breakdown
- C - Excel Spreadsheet – The Termo Company Workbook for Cost Estimates