



September 3, 2024

Mr. Curtis Huge, Agent  
Hathaway LLC  
4205 Atlas Court  
Bakersfield, CA 93308

Delivered via electronic mail:  
[chuge@hathawayllc.com](mailto:chuge@hathawayllc.com)

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

Mr. Curtis Huge, Agent:

The purpose of this letter is to inform you that the Department of Conservation, Geologic Energy Management Division ("CalGEM") has determined that the acquiring operator of the wells and facilities listed on Attachment A, must file a bond in the amount of \$2,628,536.00 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 decommissioning of any associated facilities. A breakdown of the cost estimate is provided in Attachment B. An Excel Spreadsheet is also attached to this email that details Kern River Holdings II, LLC Workbook for Cost Estimates. The acquiring operator may elect to submit a cost estimate 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 to plug and abandon the well(s) and decommissioning of applicable associated facilities.

If you have any questions related to how you can comply with the bonding requirements applicable to the wells and applicable facilities, please contact CalGEM's Enterprise Risk Unit, via email, at [CalGEMEntRiskUnit@conservation.ca.gov](mailto:CalGEMEntRiskUnit@conservation.ca.gov).

Sincerely,

*Doug Ito*

Doug Ito  
State Oil and Gas Supervisor

Attachments:

- A - Well Listing and Associated Facilities
- B - PRC 3205.8 Cost Estimate Breakdown  
Excel Spreadsheet – Kern River Holdings II LLC Workbook for Cost Estimates