

APPENDIX N – CLOSURE FUNDING

Closure plan and cost estimate {Section 519.C.14.(a)}

PA Prospect Corporation will maintain a Surety Bond to be on file with the Office of Conservation to provide for adequate closure of the PA Prospect Corporation Commercial SWD Well Facility.

Following is a description of the closure plan, cost estimate, and verification that these documents were provided by an independent professional consultant.

Draft documentation of closure funding {Section 519.C.14.(b)}

Following the closure plan, cost estimate, and verification is draft documentation of closure funding.



PA PROSPECT CORPORATION (P5603)

P.O. Box 785
Columbus, MT 59019
(406) 322-9951

**Proposed
Closure Plan
& Cost Estimate
Update**

**For
PA PROSPECT CORPORATION (P5603)**

**REIMER CALHOUN SWD FACILITY
Section 27, T13N – R11W
Red River-Bull Bayou Field (7651)
Red River Parish, Louisiana**

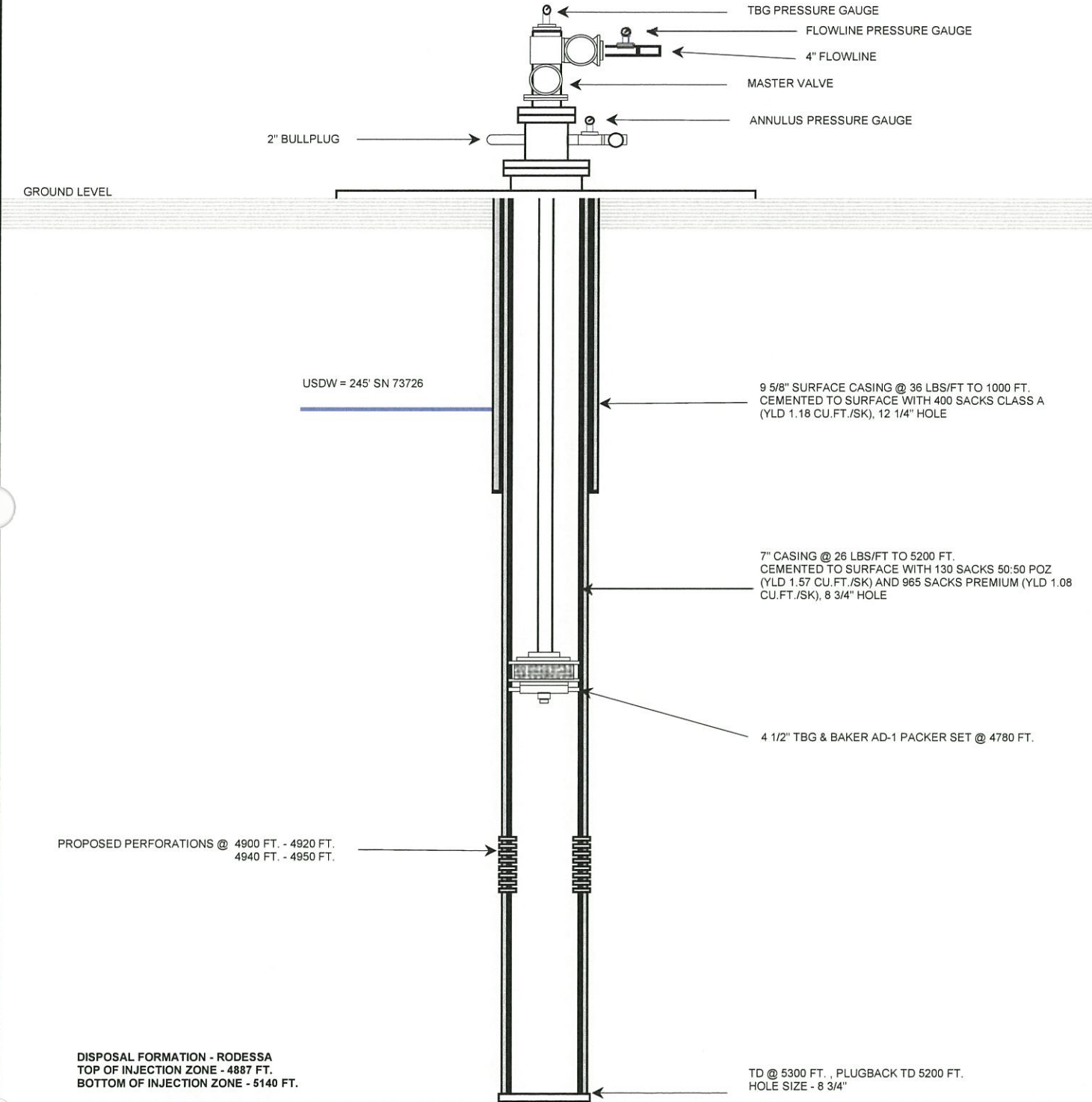
**By
Charlie Reynolds
ALTEC Environmental Consulting, LLC
February 2019**

**PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 001, NEW WELL
RED RIVER PARISH, LOUISIANA**

Plugging and Abandoning Procedure – Reimer Calhoun SWD No. 001

1. Contact Conservation Enforcement Specialist (CES) agent to witness plugging and abandoning procedure.
2. Pressure test casing/tubing annulus. Bleed off pressure in both annulus and tubing. Use weighted fluid to kill well if necessary.
3. Pull wellhead and surface equipment to remove injection string – (4 1/2" tubing). Release tension packer and pull 4 1/2 in. tubing.
4. Run and set retainer at 4895 ft. Run 2 7/8 in. tubing and string into retainer. Break down formation.
5. Squeeze perforations with 150 sacks of Class A (Yld 1.18 cu.ft./sk) cement or until locks up. Spot 200 ft. of cement on top of retainer (PBSD 4695') with 38 sacks of Class A (Yld 1.18 cu.ft./sk). Wait 12 hours on cement.
6. Go in hole and tag cement. Pressure test to a minimum of 300 psi without more than 5% loss in pressure in a 30 min. period.
7. Pump 10#/gal mud on top of cement plug within wellbore.
8. Spot 200' cement plug from 1100 ft. – 900 ft. with 38 sacks of Class A cement (100' inside and outside surface casing). Wait 12 hours on cement.
9. Go in hole and tag cement. Pressure test plug to a minimum of 300 psi without more than 5% loss in pressure within a 30 min. period.
10. Pump 10#/gal mud on top of cement plug in wellbore.
11. Spot 100' cement plug from 195 ft. – 295 ft. with 20 sacks of Class A cement (50' inside and outside USDW @ 245 ft.). Wait 12 hours on cement.
12. Go in hole and tag cement. Pressure test plug to a minimum of 300 psi without more than 5% loss in pressure within a 30 min. period.
13. Pump 10#/gal mud on top of cement plug in wellbore.
14. Spot 100 ft. cement plug from 105' – 5' with 20 sacks of Class A cement.
15. Cut all casing 5 ft. below ground surface. Weld ½ in. steel plate on each casing string. Weld SN and P&A date on top of plate.
16. Cover steel plate and remediate area, restoring location.

PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 001
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA



	PROJECT	SCALE	PA PROSPECT CORPORATION (P5603) REIMER CALHOUN SWD NO. 001 (PROPOSED) SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST RED RIVER-BULL BAYOU FIELD (7651) RED RIVER PARISH, LOUISIANA	ATT. 4A REIMER CALHOUN SWD NO. 001 PROPOSED WELL SCHEMATIC DIAGRAM Revised 6-17-2020
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PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 001
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA

GROUND LEVEL

Cut all casing 5' below ground level. Weld 1/2" steel plate on each casing string. Weld SN and P&A date on top of plate. Cover Wellhead and remediate area around wellhead. Restore Location.

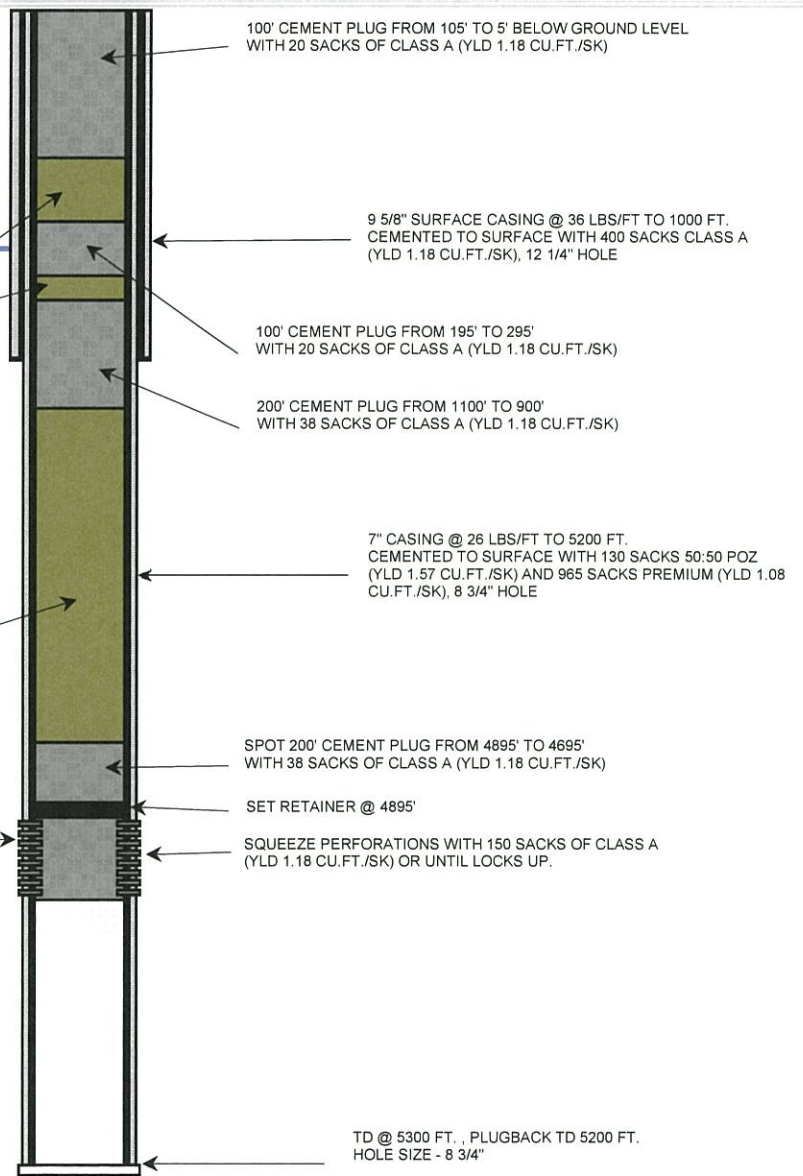
USDW = 245' SN 73726

FILL WELLBORE WITH 10#/GAL MUD ON TOP OF CEMENT PLUG.

FILL WELLBORE WITH 10#/GAL MUD ON TOP OF CEMENT PLUG.

PERFORATIONS @ 4900 FT. - 4920 FT.
 4940 FT. - 4950 FT.

DISPOSAL FORMATION - RODESSA
 TOP OF INJECTION ZONE - 4887 FT.
 BOTTOM OF INJECTION ZONE - 5140 FT.



TD @ 5300 FT. , PLUGBACK TD 5200 FT.
 HOLE SIZE - 8 3/4"



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PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 001 (PROPOSED)
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA

APPENDIX N
 REIMER CALHOUN SWD NO. 001
 PROPOSED P&A
 SCHEMATIC DIAGRAM
 ATTACHMENT 9
 Revised 6-17-2020

**PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 001, NEW WELL
RED RIVER PARISH, LOUISIANA**

Closure Cost Estimate to Plug and Abandon – Reimer Calhoun SWD No. 001

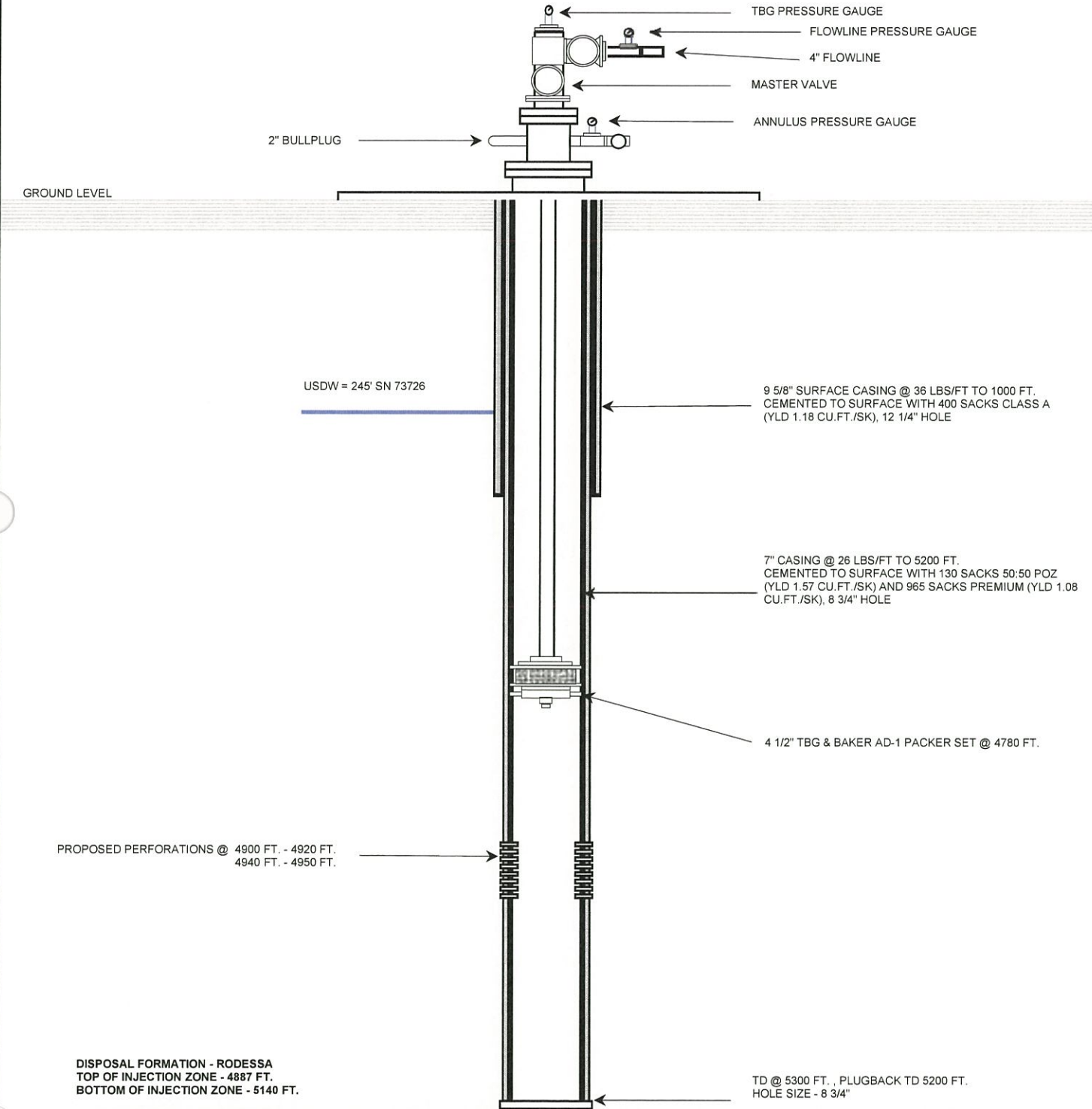
1. Mobilization of Equipment	\$3,500.00
2. Work Over Rig Equipment and Expenses (7 days at \$4,000/day).....	\$28,000.00
3. Supervisor (7 days at \$1,200.00 per day).....	\$8,400.00
4. Wireline services.....	\$9,500.00
5. Cementing Equipment and Services	\$27,500.00
6. Weighted mud between plugs.....	\$4,500.00
7. Vacuum truck services (2 days at \$850.00 per day)	\$1,700.00
8. Backhoe	\$650.00
9. Welder.....	\$600.00
Estimated Total to Plug and Abandon	\$84,350.00

**PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 002, NEW WELL
RED RIVER PARISH, LOUISIANA**

Plugging and Abandoning Procedure – Reimer Calhoun SWD NO. 002

1. Contact Conservation Enforcement Specialist (CES) agent to witness plugging and abandoning procedure.
2. Pressure test casing/tubing annulus. Bleed off pressure in both annulus and tubing. Use weighted fluid to kill well if necessary.
3. Pull wellhead and surface equipment to remove injection string – (4 1/2" tubing). Release tension packer and pull 4 1/2 in. tubing.
4. Run and set retainer at 4895 ft. Run 2 7/8 in. tubing and string into retainer. Break down formation.
5. Squeeze perforations with 150 sacks of Class A (Yld 1.18 cu.ft./sk) cement or until locks up. Spot 200 ft. of cement on top of retainer (PBSD 4695') with 38 sacks of Class A (Yld 1.18 cu.ft./sk). Wait 12 hours on cement.
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14. Spot 100 ft. cement plug from 105' – 5' with 20 sacks of Class A cement.
15. Cut all casing 5 ft. below ground surface. Weld ½ in. steel plate on each casing string. Weld SN and P&A date on top of plate.
16. Cover steel plate and remediate area, restoring location.

PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 002
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA



	PROJECT	SCALE	PA PROSPECT CORPORATION (P5603) REIMER CALHOUN SWD NO. 002 (PROPOSED) SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST RED RIVER-BULL BAYOU FIELD (7651) RED RIVER PARISH, LOUISIANA	ATT. 4A REIMER CALHOUN SWD NO. 002 PROPOSED WELL SCHEMATIC DIAGRAM Revised 6-17-2020
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PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 002
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA

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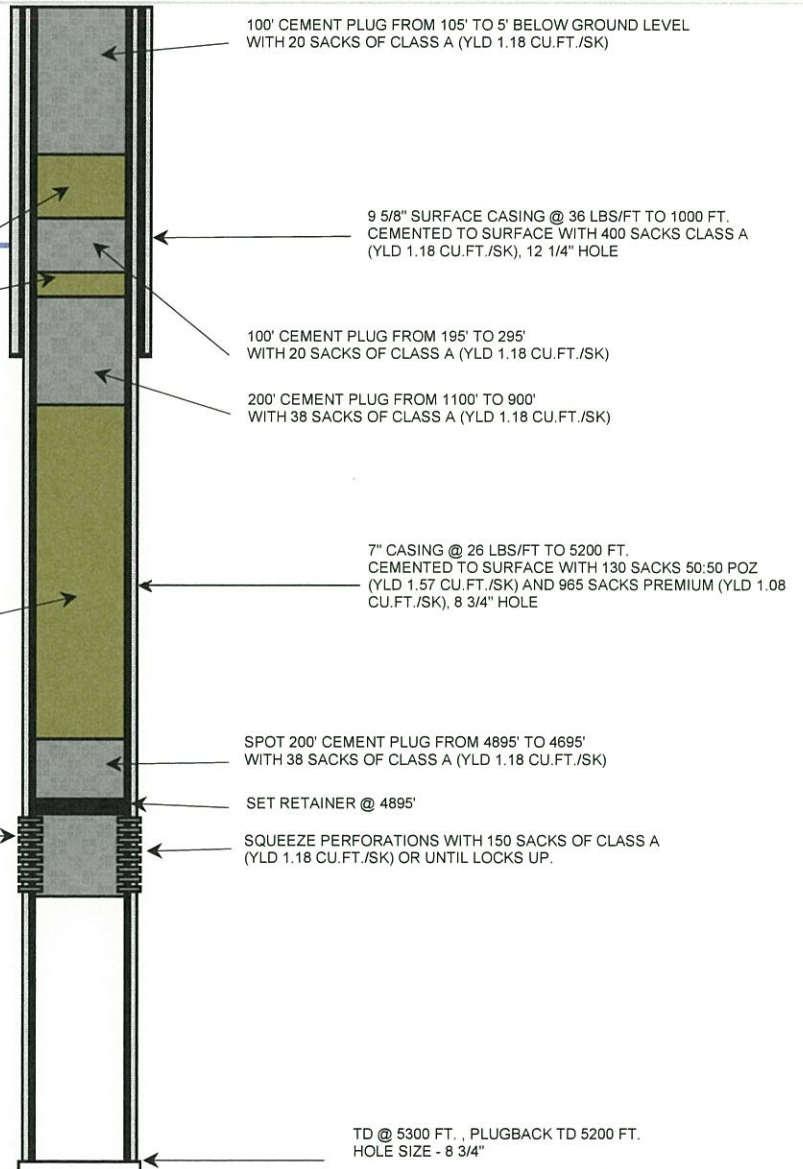
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DISPOSAL FORMATION - RODESSA
 TOP OF INJECTION ZONE - 4887 FT.
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PA PROSPECT CORPORATION (P5603)
 REIMER CALHOUN SWD NO. 002 (PROPOSED)
 SECTION 27, TOWNSHIP 13 NORTH, RANGE 11 WEST
 RED RIVER-BULL BAYOU FIELD (7651)
 RED RIVER PARISH, LOUISIANA

APPENDIX N
 REIMER CALHOUN SWD NO. 002
 PROPOSED P&A
 SCHEMATIC DIAGRAM
 ATTACHMENT 9
 Revised 6-17-2020

**PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 002, NEW WELL
RED RIVER PARISH, LOUISIANA**

Closure Cost Estimate to Plug and Abandon – Reimer Calhoun SWD No. 002

1. Mobilization of Equipment	\$3,500.00
2. Work Over Rig Equipment and Expenses (7 days at \$4,000/day).....	\$28,000.00
3. Supervisor (7 days at \$1,200.00 per day).....	\$8,400.00
4. Wireline services.....	\$9,500.00
5. Cementing Equipment and Services	\$27,500.00
6. Weighted mud between plugs.....	\$4,500.00
7. Vacuum truck services (2 days at \$850.00 per day)	\$1,700.00
8. Backhoe	\$650.00
9. Welder.....	\$600.00
Estimated Total to Plug and Abandon	\$84,350.00

**PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 001 AND REIMER CALHOUN SWD NO. 002
RED RIVER PARISH, LOUISIANA**

Closure Cost Estimate to Abandon Reimer Calhoun - Tank Battery & Facility

1. Two (2) vacuum trucks to clean tanks (4 days at \$1,700.00 per day).....	\$6,800.00
2. Labor to clean tanks (7 days at \$1,200.00 per day)	\$8,400.00
3. Disposal of 5,000 barrels of saltwater at \$1.25 per barrel	\$6,250.00
4. Disposal of approximately 600 barrels of solids, tank bottoms at \$12.50 per barrel	\$7,500.00
5. Transportation for disposal of solids.....	\$1,500.00
6. Dismantling and disposal of tanks and equipment.....	\$4,200.00
7. Demolition of concrete, retaining walls, and other materials related to site cleanup	\$120,000.00
8. Demolition and disposal or recycling of facility piping	\$4,980.00
9. Removal of lab and trailer.....	\$5,000.00
10. Backfill and level site and plant grass.....	\$4,100.00
11. Miscellaneous expenses	\$5,000.00
Estimated Total of Closure of Tank Battery & Facility	\$173,730.00

PA PROSPECT CORPORATION
REIMER CALHOUN SWD NO. 001 AND REIMER CALHOUN SWD NO. 002
COMMERCIAL FACILITY CLOSURE COSTS
SECTION 27 – T13N – R11W
RED RIVER PARISH, LOUISIANA

Summary Cost of Plugging and Abandoning Reimer Calhoun SWD No. 001 & No. 002, and Closure of Tank Battery & Facility

1. Estimated Total to Plug and Abandon Reimer Calhoun SWD No. 001	\$84,350.00
2. Estimated Total to Plug and Abandon Reimer Calhoun SWD No. 002.....	\$84,350.00
3. Estimated Total of Closure of Tank Battery & Facility	\$173,730.00
4. Supervision (15% of TB Facility Total).....	\$26,059.50
5. Contingency (10%).....	\$36,848.95
Total Estimated Cost to Plug and Abandon Well, Close Site and Remove Surface Equipment	\$405,338.45

If the site is approved, once in operation this cost will be updated every year in accordance with LAC 43:XIX.513.C

AFFIDAVIT OF INDEPENDENT PROFESSIONAL CONSULTANT

STATE OF LOUISIANA

PARISH OF CADDO

Charlie Reynolds, being duly sworn, deposes and says:

I am the Oil and Gas Division Manager of ALTEC Environmental Consulting, LLC, a Louisiana Limited Liability Company; and

This affidavit is being executed for the purpose of notifying the Louisiana Department of Natural Resources certifying that the closure plan and cost estimate included within this application were provided by ALTEC Environmental Consulting, LLC, an independent professional consultant.



Charlie Reynolds, Agent

Sworn to before me this 13th day of February, 2019.



Notary Public

Notary # 66595

Notary Public in and for DeSoto Parish, Louisiana.

My commission expires At Death.

Address of agent signing this Affidavit:

Charlie Reynolds
ALTEC Environmental Consulting, LLC
10100 Woolworth Road
Keithville, LA 71047

AFFIDAVIT OF INDEPENDENT PROFESSIONAL CONSULTANT

STATE OF LOUISIANA

PARISH OF CADDO

Charlie Reynolds, being duly sworn, deposes and says:

I am the Oil and Gas Division Manager of ALTEC Environmental Consulting, LLC, a Louisiana Limited Liability Company; and

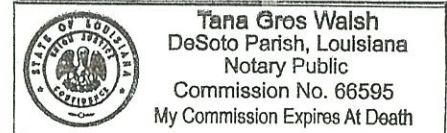
This affidavit is being executed for the purpose of notifying the Louisiana Department of Natural Resources certifying that the closure plan and cost estimate included within this application were provided by ALTEC Environmental Consulting, LLC, an independent professional consultant.

Charlie Reynolds, Agent

Sworn to before me this 11 day of November, 2020.

Notary Public

Notary # 66595



Notary Public in and for DeSoto Parish, Louisiana.

My commission expires At Death.

Address of agent signing this Affidavit:

Charlie Reynolds
ALTEC Environmental Consulting, LLC
10100 Woolworth Road
Keithville, LA 71047

Upon completion of the application process, the commissioner will set the amount of the required bond or irrevocable letter of credit in accordance with LAC 43:XIX.519.C.14b. The applicant will obtain the required bond or irrevocable letter of credit in that amount set by the commissioner. A draft irrevocable letter of credit and Surety Bond are attached.

DRAFT IRREVOCABLE LETTER OF CREDIT

Dears Sirs:

We hereby establish our Irrevocable Letter of Credit No. _____ in your favor, at the request and for the account of PA PROSPECT CORPORATION up to the aggregate amount of **(amount)** available upon presentation by the Commissioner of Conservation, Office of Conservation, Department of Natural Resources, State of Louisiana, on:

- 1) your sight draft, bearing reference to this letter of credit No. _____; and
- 2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued in accordance with the requirements of Louisiana R.S.30:1 et seq."

This letter of credit is effective as of _____, 20____, and shall expire on October 1, 20____, but such expiration date shall be automatically extended for a period of at least one year on October 1, 20____, and on each successive expiration date, unless at least 120 days before the current expiration date, we notify both you and PA PROSPECT CORPORATION by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and PA PROSPECT CORPORATION as shown on the signed return receipts.

This letter is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 ("UCP 600").

We hereby agree with you and negotiating banks or bankers that drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation to the drawee.

{Signatures(s) and title(s) of official(s) of issuing institution and date}

(Two Bank signatures required)

(Note: Beneficiary is Office of Conservation, Department of Natural Resources, State of Louisiana.)

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

DRAFT SURETY BOND

FROM: PA PROSPECT CORPORATION
AND
SURETY

TO: OFFICE OF CONSERVATION
DEPARTMENT OF NATURAL RESOURCES
STATE OF LOUISIANA

THIS SURETY BOND is given by PA Prospect Corporation, principal, and [surety name], Surety, to Office of Conservation, Department of Natural Resources, State of Louisiana, 70804-9275, pursuant to the following terms and conditions:

Principal and surety are bound to creditor in the sum of \$[TBD] Dollars, for the payment of which principal and surety jointly and severally bind themselves, their successors, and assigns.

Principal has applied to Creditor to receive a permit or has in effect a permit issued by Creditor to operate a commercial facility, Site Code TBD, for the receipt, storage, treatment and/or disposal of exploration and production waste in RED RIVER Parish, Louisiana pursuant to the provisions of LSA-R.S. 30:4(I)(10), and LAC43:XIX.Subpart 1.Chapter 5, Sections 513 and 567. Principal is required to provide bonding to insure the adequate closure of such facility and this bond is issued for said purpose.

This obligation shall run continuously and shall remain in full force and effect until and unless the bond is canceled as provided herein or as otherwise provided by law.

Surety may cancel the bond only by sending notice of cancellation by certified mail to both Principal and Creditor. Cancellation cannot occur or be effective until 120 days after the date of receipt of notice of cancellation by both Principal and Creditor. Further, such notice of cancellation or cancellation shall not affect this surety bond in respect to any obligation which may have arisen prior thereto.

Surety shall become liable on this bond obligation if and when Principal fails to perform his obligation to adequately close the facility as determined by Creditor after notice and in accordance with administrative procedures.

Following such determinations, Creditors shall draw on the surety bond by requesting payment by certified mail, and Surety shall pay the amount thereof within 30 days of receipt of said demand. If payment is not made within said 30 days period Surety shall also be liable for legal interest from date of receipt of demand, 10% of principal and interest as attorney's fees and all court cost incurred to collect the obligation.

The amount of the bond liability is as expressed herein, but Principal and Surety take notice of the legal requirements for annual review of the closure bond amounts, which is based upon cost estimates for adequate closure. Following this review Creditor may increase, decrease or allow the amount to remain the same. Upon notice from Creditor, if an increase is required, Principal shall cause the bond amount to be increased or shall otherwise provide the added security within 60 days after notice.

I WITNESS WHEREOF, the principal and Surety have executed this surety bond at _____ on this ____ day of _____, 20 ____.

WITNESS

PRINCIPLE

WITNESS

WITNESS

SURETY

WITNESS

Approved, accepted and executed by Creditor at Baton Rouge, Louisiana this ____ day of _____, 20 ____.

WITNESS

OFFICE OF CONSERVATION

WITNESS

By: _____
Commissioner of Conservation

THIS DOCUMENT IS A DRAFT SURETY BOND