

Prairie Resources LLC

March 17, 2023

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Operator's Demonstrated Costs

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Ladies and Gentlemen:

My name is Roy Dyer, and I own and operate Prairie Resources LLC, Dyer Well #15-8 on the SW quarter of the SE quarter, Section 8, Township 7N, Range 64W, Weld, County, Colorado. Our operator number is 10361 and the API for this well is 123-32935. We only operate this one stripper (low producing) well, and have done so continuously since receiving our permit to drill in 2010.

We filed our original Form 3 with COGCC on January 23, 2023 and attached a letter of explanation of our circumstances. On February 16, we received a call from Ms. Deborah Lutz informing us we needed to submit our operator's demonstrate costs to plug our well, and that she was returning our Form 3 to "Draft Status." She referred me to COGCC engineer Mr. Craig Burger for clarification on how we should list our costs.

I called engineer Mr. Burger on March 6, and discussed our unique situation with him. Mr. Burger instructed me to use our estimated costs and explain that they may seem lower because we own many pieces of heavy equipment, semi-trucks and dump trailers, excavators, front loader, large tractors and other heavy earthmoving equipment, and plan to reclaim this location ourselves after the well has been professionally plugged.

Following are our estimated demonstrated costs to plug our well professionally with us performing reclamation of the site utilizing our own heavy equipment and labor:

\$40,000	Plugging of the well bore utilizing an outside professional well plugging company.
4,000	Removing residue from tank battery, disposing residue at a certified site and cleaning tanks.
2,000	Removing tanks using our own crane, semi-trailers and trucks.
4,500	Removing pumping unit and base, separator, and ECU with our own crane and trucks.
4,500	Excavating and removing underground piping utilizing our own equipment.
2,000	Excavating and removing the produced water tank.
<u>3,000</u>	Replacing topsoil and reseeding well site.
\$60,000	Total cost of plugging the well and reclaiming the well site.

Once again, we wish to reiterate that we have a unique situation where we own the land 100%, we own the minerals 100%, and we drilled our own well on our property and own it 100%. We are fully capable of reclaiming this well location ourselves utilizing our own equipment and labor. I have lived on this ranch for over 73 years, and it is in our best interests to observe the best conservation practices possible. Please allow this letter to serve as our assurance we have the financial capability and wherewithal to plug and reclaim this well when it becomes necessary. Please contact us if you need further information pertaining to plugging our well.

Thank you and best regards,

Roy Dyer, Prairie Resources, LLC