

Desert Eagle Operating LLC

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Asset Retirement Plan

# Introduction

Desert Eagle Operating LLC ("DEO") has prepared the following Asset Retirement Plan as an attachment to the Financial Assurance Plan submitted on Form 3.

DEO is an entity formed or registered under the law of Texas and has complied with all applicable requirements of the office of the Colorado Secretary of State.

DEO is registered with the Colorado Oil and Gas Conservation Commission to operate Oil and Gas Operations in the State of Colorado under Operator Number 10797.

Production is from a primary-helium field. There are no hydrocarbons, and the gas is made of helium, nitrogen & CO<sub>2</sub>. No water is expected in the helium-rich producing formation. At each well's retirement the wellbore will be plugged & abandoned. Helium is extremely rare, and low rate producing wells can be economic. No out of service wells are expected. Wells may be shut-in depending on well or market conditions or other factors.

## Estimated Life of Wells

The estimated life of the wells is ten (10) years. DEO's anticipated Oil and Gas Operations retirement is based on several factors including estimated production decline forecasts, future commodity prices, and processing costs. At the end of their economic life, wells will be plugged, surface equipment and associated facilities will be removed, and the well sites will be reclaimed.

## Equipment

During final reclamation, surface equipment, abandoned flowline risers, and any debris will be removed from the location.

**Flowline Removal/Abandonment** - During final reclamation, the 8" poly polyethylene flowline will be depressured and decommissioned in place.

**Known Remediation Issues** – There are no known remediation issues.

**Areas of Disturbance (at Location and Offsite)** The location is sparsely vegetated arid rangeland. After interim reclamation, each well location will be approximately .02 acres. There is an approximately 75 percent vegetative cover. The access roads will be reclaimed in the same manner as the Oil and Gas Locations.

**Decompaction** - If necessary to decompact soil layers, decompaction will be used to improve the soil structure and to promote soil aeration, water infiltration, and microbial activity, which will promote plant growth. The Lease Agreement between DEO and the Lease Owners provide that any improvements to existing roads and any new roads shall become the property of Owners, and shall be left in place when DEO is no longer using such roads for its operations, unless Owner provides DEO with written notice stating its desire that some or all of said roads shall be removed and the lands reclaimed to the condition they were in prior to the improvement or construction of said roads.

**Cut and Fill Slope/Recontouring** - No cut and fill slopes are present. Most disturbed areas will be recontoured to blend with the pre-disturbance surface and restore natural drainage patterns during interim reclamation. Additional recontouring to blend with the pre-disturbance surface and restore natural drainage patterns will be performed if required during final reclamation.

**Soil Type Considerations** The soil consists primarily of DaE – Dalrose-Rock Outcrop complex, with 3 to 25 percent slopes, is well drained, has an available water capacity of .10 inches, with 6 to 20 inches of depth to restrictive features; and VT – Villedry-Travessilla complex, with 1 to 8 percent slopes, is well drained, has an available water capacity of 6.6 inches and alternately 20 to 40 inches of depth to restrictive features.

**Salt Kill Considerations** – There is no salt kill at these Oil and Gas Locations.

**High Priority Habitat Considerations** – These locations are not in a High Priority Habitat.

**Topsoil/Soil Amendments/Revegetation Considerations** - The Oil and Gas Location is relatively flat. Interim reclamation will have restored most of the natural grade and hydrology patterns. Any revegetation required during final reclamation will be performed during the most optimal growing season. Where needed, the soil will be amended or reseeded to promote vegetation. If required, a custom seed mix approved by the landowner will be used for final reclamation.

**Stormwater/Erosion Control.** Erosion controls during final reclamation will be utilized if required to prevent stormwater runoff and erosion.

**Conclusion**

DEO's Financial Assurance Plan meets the informational criteria of Option 4 pursuant to the standards set forth in COGCC Rule 702.c.(4). In compliance with COGCC Rule 702.d.(4) A.v., DEO's Asset Retirement Plan provides for the retirement of its Oil and Gas Operations based on the projected life of the field, age of the infrastructure, Out of Service, Inactive, and Low Producing Wells, and related information.