



August 9, 2023

Mr. Gerald Kencza
Assistant Field Manager, Lands and Minerals
Vernal Field Office
U.S. Bureau of Land Management
440 West 200 South, Suite 500
Salt Lake City, UT 84101-1345

Re: Notice of RD&D Lease Relinquishment - Oil Shale (3900)
UTU-84087
(UT-9223)

Dear Mr. Kencza,

Enefit American Oil (“EAO”), via wholly-owned subsidiary EAO Federal Lease (a Delaware limited liability company [“LLC”]), is the current holder of United States Bureau of Land Management (“BLM”) oil shale Research, Development and Demonstration Lease UTU-84087 (the “RD&D Lease”). EAO Federal Lease LLC is the successor in interest to original RD&D Lease holder Oil Shale Exploration Company, LLC (“OSEC”). The original RD&D Lease was signed by and between BLM and OSEC, with an effective date of July 1, 2007. EAO acquired OSEC and renamed to EAO Federal Lease LLC on March 30, 2011. The BLM approved EAO’s plan of development (“POD”) under the RD&D Lease, as modified from OSEC’s original POD, on August 2, 2012. The duly extended term of EAO’s RD&D Lease is scheduled to expire on November 30, 2023. EAO also holds, via acquisition of OSEC, the following BLM rights-of-way (“ROWS”) associated with the RD&D Lease:

- UTU-085857, term ending December 31, 2026, covering water facilities, retention dam and pond area;
- UTU-085858, term ending December 31, 2026, covering certain access roads;
- UTU-085859, term ending December 31, 2026, covering certain storage areas; and
- UTU-089623, term ending December 31, 2042, covering one (1) groundwater monitoring well.

Upon extensive consideration of business plans regarding federal oil shale leasing and development, EAO has elected not to prepare an application to BLM to trigger the conversion process from the RD&D Lease to a commercial lease, and thus is voluntarily relinquishing the RD&D Lease pursuant to the terms and conditions stated in RD&D Lease, Section 16. Relinquishment of lease, as well as the associated ROWs referenced above.

As stated in RD&D Lease, Section 16, “The Lessee shall promptly pay all royalties due and reclaim the relinquished acreage in accordance with the plan of development.” As stated in RD&D Lease, Section 6. Royalties, subpart (a), “As long as the Lessee is not producing commercial quantities

from the leasehold, as determined by the Lessor, the Lessor waives the requirement for royalty on any production.” EAO can confirm that, as of the date of this letter, no commercial quantities are in production from the leasehold; thus, **no outstanding royalties should be due upon relinquishment of the RD&D Lease.**

The special stipulations to the RD&D Lease state, regarding disposal/reclamation, that “[o]nce the lessee utilizes a structure, equipment, mine facility[,] helicopter pad, road or site, he will be responsible for its disposal, abandonment and site reclamation as approved by the Authorized Officer.” EAO has not utilized any structures, equipment, mine facilities, or helicopter pads during the term of the RD&D Lease and, to the best of EAO’s knowledge and in accordance with EAO’s inspection of the lease area, prior leaseholder OSEC also did not utilize any of these features. Furthermore, neither EAO, or OSEC to EAO’s knowledge, utilized any portion of ROWs UTU-085857 or UTU-085859. The following is a list of those facilities or features that EAO and/or OSEC did utilize under either the RD&D Lease or the associated ROWs, and EAO’s proposed method of disposal/reclamation:

- EAO has utilized one existing paved access road (UTU-085857) for temporary stockpiling of crushed oil shale originating from EAO’s private land. **Proposed reclamation:** *EAO to remove all crushed oil shale, concrete barriers, nylon fabric bag material from the temporary stockpile location and ensure the paved access road remains passable for other users as approved by BLM (e.g. grazing lessee[s]). Removal to be completed on or before November 30, 2023.*
- OSEC originally installed temporary air quality monitoring equipment adjacent to and associated with the existing 30-foot-diameter shaft, and EAO continued to utilize that temporary air equipment upon acquiring the RD&D Lease. Equipment consists of a wooden table and plastic sampling hose. **Proposed reclamation:** *EAO to remove all temporary air quality monitoring equipment adjacent to and associated with the existing 30-foot-diameter shaft. NOTE: Both OSEC and EAO conducted air quality monitoring associated with the 15-foot-diameter and 6-foot-diameter shafts; however, no equipment, materials or other facilities were utilized beyond existing unpaved access roads.*
- OSEC placed steel structural beams and materials in a flat, open laydown area adjacent to one RD&D Lease building, for unknown reasons. **Proposed reclamation:** *EAO to remove said steel material from the site on or before November 30, 2023.*
- OSEC drilled one (1) groundwater monitoring well, OSEC-1, completed in the Birds-nest Aquifer to a depth of approximately 690 feet below ground surface (UTU-089623). The well casing is two inches in diameter. OSEC reclaimed the drill pad following installation, and EAO conducted groundwater sampling for baseline environmental characterization purposes between 2012 and 2014. The well has remained capped and locked since. **Proposed reclamation:** *EAO to permanently seal and close groundwater monitoring well*

OSEC-1 in accordance with State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining well closure requirements on or before November 30, 2023.

- Finally, EAO will remove all gate company locks and signage on or before November 30, 2023.

Following completion of the above-referenced disposal/reclamation, EAO should be deemed by the Authorized Officer to be in compliance with the RD&D Lease requirements for voluntary relinquishment, disposal and reclamation. Please provide your written acknowledgment of Enefit's voluntary relinquishment of the RD&D Lease and the ROWs, and concurrence on the proposed reclamation activities at your earliest convenience. EAO looks forward to your response and stands ready to meet to discuss as needed.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Ryan Clerico', with a long horizontal stroke extending to the right.

Ryan Clerico
Chief Executive Officer
Enefit American Oil

Managing Director
EAO Federal Lease LLC

Cc: Christina Price
Deputy State Director, Lands and Minerals, BLM Utah State Office

Elizabeth Schulte
Intermountain Regional Office, Office of the Solicitor, U.S. Department of Interior

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