

Appendix E
Fee Structure – Revised 2/1/2020 for Inflation

The Participant may be responsible for paying an Enrollment Fee for the first three years this CCA and CP are in effect. If the Participant opts out of the CCA, the Participant is still responsible for these fees. The Participant shall pay the \$30,000 Enrollment Fee for enrollment of facilities existing within the Covered Area if enrolling by the All Activities method of enrollment. The Participant may choose to enroll via the Parcel-by-Parcel method. In this case, the Participant shall pay a minimum Enrollment Fee of \$3,000 for up to 1,000 acres. For all acreage above 1,000 acres, the Participant shall pay \$3/acre. For either method of enrollment, the Participant shall make the first payment of Enrollment Fees at the time of enrollment. The Participant shall pay the second and third on the first and second anniversaries of the CCA effective date. If the Participant so chooses, the Participant may pay all three Enrollment Fees at the time of enrollment. Enrollment Fees will not be required after the initial three-year period.

The Habitat Conservation Fee for New Surface Disturbance associated with oil and gas development activities will be calculated using the following scales. The scales also apply to third parties doing work for the Participant either on or off the Participant's Enrolled Lands, regardless of who constructs or operates the associated facilities. The Participant may prepay Habitat Conservation Fees at any time at their discretion. The Participant must notify CEHMM prior to conducting any surface disturbing activities associated with this CP on or off the Enrolled Lands either by the Participant or third-party subcontractors. Management zone of the New Surface Disturbance is determined by the location of the activity being developed, not actual habitat found on site.

All Habitat Conservation Fees will be adjusted once yearly by CEHMM to account for inflation or deflation. The term "Base Habitat Conservation Fee" shall refer to the values of the Habitat Conservation Fees set forth in this Exhibit. For purposes of this section, the term "CPI-U" shall refer to the Consumer Price Index for All Urban Consumers, U.S. City Average, all items less food and energy (base 1982-84=100), not seasonally adjusted, as published by the U.S. Department of Labor, Bureau of Labor Statistics. The Maximum Annual Inflation Increase shall be based on the percent increase between the annual average CPI-U for the calendar year that precedes the date of the adjustment ("Current CPI-U") and the annual average CPI-U for calendar year 2016 ("Base CPI-U"). The Maximum Annual Inflation Increase shall be calculated as follows:

$$\text{Maximum Annual Inflation Increase} = \text{Base Habitat Conservation Fee} \times \left(\frac{\text{Current CPI-U} - \text{Base CPI-U}}{\text{Base CPI-U}} \right)$$

Increases, if any, shall occur on the January release date of the CPI-U. The Maximum Annual Inflation Increase will reflect the most recent revision to the annual average Current CPI-U, if any. CEHMM will send Participants a notification, both electronically and by mail, each year at the time the fees are adjusted.

If the annual average CPI-U is unavailable for a calendar year, no increases will be made. If the CPI-U is discontinued entirely or unavailable for a period longer than two calendar years, CEHMM will consult with the Participant to select an appropriate alternative index.

1) New Well Location Fees¹

<u>Management Zone</u>	<u>Conservation Fee</u>
Zone A	Not applicable
Zone B	\$21,012.42/location
Zone C	\$10,506.21/location
Zone D	\$2,626.55/location

¹. Includes a single well pad no larger than 3 acres, multi-well pad no larger than 5 acres, and associated access road not to exceed 1 acre. Anything larger will be considered New Surface Development Fees described below. If any portion of the project falls into a higher management zone, the charge incurred will be that of the higher management zone.

2) New Surface Development Fees

For other New Surface Disturbances associated with Enrolled Lands, but not directly attributable to a new well pad² and associated road, including but not limited to pipelines, frac ponds, electric lines, pits, etc. the Habitat Conservation Fee will be based on the following scale:

<u>Management Zone</u>	<u>Conservation Fee³</u>
Zone A	Not applicable
Zone B	\$7,879.66/acre
Zone C	\$2,626.55/acre
Zone D	\$1,050.62/acre

². Co-located wells that require an increase in the size of the existing pad will be assessed by new acres disturbed.

³. These Conservation Fees are based on the following figures. No additional amounts are owed beyond the amount of the Conservation Fees:

- Lease of Water Rights.....10 acre feet = \$5,000-\$10,000
- Purchase of Water Rights.....1 acre foot = \$5,500-\$10,000
- Habitat Restoration (ie, salt cedar treatment)4 acres = \$10,000
- Caliche Removal.....2-3 acres = \$10,000
- Reseeding.....1 acre = \$1,000
- Rebuilding Water Crossings.....Undeterminable at this time

Note: All acreage calculations will be rounded up to the next whole acre, if over 0.5 acres.

New operations on previously disturbed land (e.g., co-located new well on an existing pad or new pipeline in an existing corridor, etc.) will incur no additional Habitat Conservation Fee, unless the area to be redisturbed has been reseeded and/or reclaimed as part of reclamation. Fees will also be assessed for any new acreage disturbed.

CEHMM will calculate area of New Surface Disturbances based on information received and/or on-the-ground observation. Should the Participant disagree with CEHMM’s calculation of the area of New Surface Disturbance, the Participant has the right to challenge the estimate, provide supporting data, and meet with CEHMM and/or the FWS, if necessary. CEHMM and FWS, if participating, will have the responsibility for the final determination of the area of New Surface Disturbance.

The Habitat Conservation Fee for above-ground powerlines will be calculated using the above scale for New Surface Development. The acreage of New Surface Disturbance will be based on information found in the OCD and SLO New Surface Disturbance activities approval document provided by the Participant to CEHMM.

If New Surface Disturbance falls within two or more management zones, the amount of the Habitat Conservation Fee will reflect the amount of the New Surface Disturbance within each management zone.

3) Fees associated with new seismic data acquisition

<u>Management Zone</u>	<u>3D Survey Conservation Fee</u>	<u>2D Survey Conservation Fee</u>
Zone A	<u>\$10.51/acre</u>	<u>\$210.12/linear mile*</u>
Zone B	<u>\$7.88/acre</u>	<u>\$157.59/linear mile*</u>
Zone C	<u>\$5.26/acre</u>	<u>\$105.06/linear mile*</u>
Zone D	<u>\$1.58/acre</u>	<u>\$26.27/linear mile*</u>

*or any fraction thereof

The acquisition of seismic data on enrolled parcels may also disturb the surface of other land not enrolled in this CP. The Habitat Conservation Fee calculated for seismic activity includes disturbances occurring on both enrolled and non-enrolled land.

Routine production operations

Routine production operations are not considered New Surface Disturbance and will not create the obligations to pay a Habitat Conservation Fee. Routine production operations are those which do not require an agency permit or approval, and those operations that require an agency approval but do not disturb the surface.