



November 15, 2023

CERTIFIED MAIL NO. 7019 1640 0000 2713 3091

Mr. Kevin Eshbaugh
LOLA Energy PetroCo, LLC
PO Box 360
Canonsburg, PA 15317-0360

Dear Mr. Eshbaugh:

The Department has received LOLA Energy PetroCo, LLC's ("LOLA") applications for inactive well status extension for the wells listed below ("Wells")

- Permit No. 019-22403
- Permit No. 019-22404
- Permit No. 019-22408
- Permit No. 019-22409
- Permit No. 019-22412
- Permit No. 019-22413
- Permit No. 019-22431
- Permit No. 019-22433
- Permit No. 019-22434
- Permit No. 019-22436
- Permit No. 019-22462
- Permit No. 019-22464
- Permit No. 019-22465
- Permit No. 019-22466

The Wells were previously granted inactive status for a period of five years. On October 1, 2021, the Department granted a one-year extension of inactive status for the Wells, which expired on October 1, 2022. On August 17, 2023, LOLA submitted applications for an additional one-year extension of inactive status for the Wells; however, those applications incorrectly included dates from 2022, so the Department returned them to LOLA to correct. On September 13, 2023, LOLA re-submitted the applications for inactive status that are the subject of this letter ("Applications").

For the reasons set forth below, the Wells do not meet the criteria for inactive status as set forth in the Oil and Gas Act, Act of February 14, 2012, P.L. 87, No. 13, 58 Pa. C.S. §§ 3201-3274 ("Oil and Gas Act") and the regulations promulgated thereunder ("Regulations"), and therefore, the Department hereby denies the Applications.

First, the Applications were not submitted prior to the expiration of inactive status, as required by 25 Pa. Code § 78a.104. Specifically, inactive status for each of the Wells expired on October 1, 2022, over ten months before LOLA submitted the Applications seeking an extension of inactive status. Pursuant to Section 3214(d) of the Oil and Gas Act and 25 Pa. Code § 78a.104, LOLA was required to plug the Wells or return them to active status upon expiration of inactive status in October 2022 because LOLA did not submit applications to extend inactive status prior to the expiration of inactive status.

Additionally, even if the Applications had been timely submitted, the Wells do not satisfy the criteria set forth in 25 Pa. Code §§ 78a.102 and 78a.103. As noted above, the Wells were previously granted a one-year extension of inactive status on October 1, 2021. Pursuant to 25 Pa. Code § 78a.103, between October 1, 2021 and October 1, 2022, LOLA was required to monitor the integrity of the Wells in accordance with the methods described in 25 Pa. Code § 78a.102, report the results of that monitoring to the Department, and give the Department three business days prior notice of the monitoring and mechanical integrity testing. In accordance with 25 Pa. Code § 78a.103, to qualify for continued inactive status, LOLA was required to demonstrate, by the data in the monitoring reports, that the condition of the Wells continues to satisfy the requirements of 25 Pa. Code § 78a.102.

LOLA failed to provide the Department with any prior notice that it was conducting the required monitoring of the Wells between October 1, 2021 and October 1, 2022, contrary to 25 Pa. Code § 78a.103. LOLA also failed to supply the required monitoring reports to the Department indicating that the condition of the Wells continues to satisfy the requirements of 25 Pa. Code § 78a.102, contrary to 25 Pa. Code § 78a.103. Accordingly, pursuant to 25 Pa. Code § 78a.103, the Wells do not qualify for continued inactive status.

Any person aggrieved by this action may appeal the action to the Environmental Hearing Board (“Board”), pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. § 7514, and the Administrative Agency Law, 2 Pa. C.S. Chapter 5A. The Board’s address is:

Environmental Hearing Board
Rachel Carson State Office Building, Second Floor
400 Market Street
P.O. Box 8457
Harrisburg, PA 17105-8457

TDD users may contact the Board through the Pennsylvania Relay Service, 800.654.5984.

Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of notice of this action unless the appropriate statute provides a different time period. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

A Notice of Appeal form and the Board’s rules of practice and procedure may be obtained online at <http://ehb.courtapps.com> or by contacting the Secretary to the Board at 717-787-3483. The Notice of Appeal form and the Board's rules are also available in braille and on audiotape from the Secretary to the Board.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD 717.787.3483 FOR MORE INFORMATION.

If you have any questions regarding this matter, please contact me at 814-332-6165.

Sincerely,

Scott M. Dudzic

Scott M. Dudzic
Northwest District Oil and Gas Manager
District Oil and Gas Operations

cc: File Facility/Corres/OGO-69216 LOLA ENERGY PETROCO LLC
Bechtel (via email)
Willey (via email)
Madeley (via email)
Eichner (via email)
Strobel (via email)
Despenes (via email)
McDonough (via email)



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS MANAGEMENT**

DEP USE ONLY	
Auth No. 1459275	APS No.# 1046145
Site No. 790600	PF No. 784336
Client No. 356154	SF No. 1157348

APPLICATION FOR INACTIVE WELL STATUS

Well Operator Lola Energy PetroCo, LLC		DEP Client ID No. 356154	Well Permit or Registration No. 37-019-22436-00-00	
Address PO Box 360		Well Farm Name Polaris		Well No. 3MH
City Canonsburg	State PA	Zip Code 15317	County Butler	Municipality Concord
Telephone No. 724-746-3000	Fax No.	Bond Instrument No. B01489 - \$455,000	Is this an application for annual extension of inactive status? ☒ Yes ☐ No	
Check here if this application is being submitted for conditional inactive status in association with longwall mining: ☐				
Condition of the Well	Describe in detail how the condition of the well satisfies the criteria for approval of inactive status. See 25 Pa. Code §§ 78/78a.102(i), (2)(i) or (ii) and (3). Use additional sheets if necessary. If available, attach well records, driller's logs, and other information describing well casing, cement, equipment, and any other pertinent information. Note that if this application is being submitted in conformance with DEP Technical Guidance Document 800-0810-004 <i>Guidelines for Chain Pillar Development and Longwall Mining Adjacent to Unconventional Wells</i> , the Well Record/Completion Report may be referenced for all well construction information, and all tubing and annular pressures should be at 0 prior to adjacent longwall mining encroaching within 1,500 feet of the well location. Finally, all annuli should be open to the atmosphere and the inactivation procedure may be referenced under the section titled "Other information about the well's condition."			
Well Type: ☒ Gas ☐ Oil ☐ Combination Oil & Gas ☐ Injection ☐ Storage ☐ Disposal				
Casing Diameters: 13.38	Casing Lengths: 658'	Type and amount of cement (sacks) used for surface casing: Type 1, (562) sacks		
9.625	2,613'	Tubing or Production Casing Pressure (current): 0	If an oil well, state the depth to fluid in the surface casing:	
5.5	13,737'	Annulus Pressure (current - between tubing or production casing and surface casing): 0		
Tubing or production casing diameter: 5.5	Tubing or production casing length: 13,737' casing	Are all annuli open to atmosphere? ☒ Yes ☐ No		
Other information about the well's condition: Well has been drilled to TD as of 10/10/2015 but has not yet been stimulated for production. Well is temporarily shut-in awaiting stimulation activities, which are tentatively planned for late summer/early fall 2024 or TBD by more favorable market conditions. This well will not be producing within the one year time frame stipulated by regulations, therefore, this inactive status request is being made in advance to mitigate a default 'abandoned well' status.				
Future Use of the Well	Describe a viable plan in accordance with 25 Pa. Code §78/78a.102(4) explaining the intended use of the well within a reasonable time. Provide the information requested below and any other information necessary for DEP to make a determination on inactive status for this well. Note that if this application is being submitted in conformance with DEP Technical Guidance Document 800-0810-004 <i>Guidelines for Chain Pillar Development and Longwall Mining Adjacent to Unconventional Wells</i> , the following text may be entered under the section regarding the future plan for the well: "Return well to production subsequent to final panel extraction when mining is at least 1,500 feet beyond well in chain pillar, as per re-entry procedure and TGD."			
Provide certification that one of the following applies (check one): ☐ Significant reserves remain in place and I plan to return the well to production.				
Provide estimate of reserves: MMcf: Bbls:				
The well will be used for: ☐ Disposal ☐ Storage ☐ Observation ☐ Injection - Recovery ☐ Other (describe)				
This well will be returned to use in: Month: August Year: 2024				

State your plan for future use of the well.

We intend to stimulate the well and turn in line for production as we actively develop the field and reserves as effectively and efficiently as possible.

Conditional Inactive Status Checklist

For unconventional wells drilled in anticipated chain pillar locations that are being temporarily inactivated to accommodate planned, adjacent longwall mining, please provide the items included in the checklist below in addition to this application. More specific information about these items is detailed in DEP Technical Guidance Document 800-0810-004 *Guidelines for Chain Pillar Development and Longwall Mining Adjacent to Unconventional Wells*.

Please include the following items with the inactive status application:

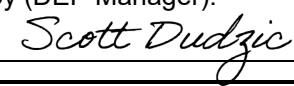
- ☐ Temporary Well Inactivation Procedure
 ☐ Temporary Inactivation Well Schematic
 ☐ General Specifications for Cements/Gels
☐ Current Well Record and Completion Report
 ☐ Well Location Plat
 ☐ Electrical/Mechanical Well Logs
☐ Graphical Production History Summary
 ☐ Well Re-entry Procedure
 ☐ Post-mining Well Long-term Monitoring Procedure

Provide additional details, if necessary.

Signature of Applicant (Well Operator)

Signature:  _____
 Date: 8/11/23
 Print or type signer's name and title: J. Johnson, V.P EHS & Land Ops_

DEP USE ONLY

☐ Approved ☒ Denied Date _____
 by (DEP Manager):
 _____ 11/13/2023