

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Operator Name: \_\_\_\_\_

Operator Address: \_\_\_\_\_

We have performed the **procedures enumerated below which are required pursuant to the State of Louisiana Revised Statute (R.S.) 47:633, as amended by House Bill 518 (enacted as Act 373 of the 2025 Regular Session) and further defined by the State of Louisiana Department of Conservation and Energy (C&E), to support well cost statement applications for the Severance Tax Relief Program (STRP), and agreed to by \_\_\_\_\_ (the Operator) and C&E, solely to assist the Operator's management and C&E in evaluating the Operator's compliance with the applicable requirements of R.S. 47:633, as amended and defined, in the allowance of an exemption under the provisions of this statute.** The Operator's management is responsible for proper recording of the accounting records and transactions of the well cost statement and ensuring the transactions are in compliance with the requirements defined by C&E; and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. The Operator's management is responsible for the Operator's compliance with the applicable regulations and published guidelines issued by C&E. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1. **Procedure:** Obtain copies of Well Cost Statement(s) submitted (or to be submitted) to the State of Louisiana Department of Conservation and Energy for the Operator. Perform a mathematical check of the subtotals and totals of the categories listed (i.e. pre-drilling, drilling, completion) on the statement(s).

**Result:** \_\_\_\_\_

2. **Procedure:** Obtain a detail of well cost expenses (incurred) which includes the following: Invoice number, vendor, amount, and by type of cost incurred (ie pre-drilling, drilling, completion) along with a brief description of the cost (if available). Additionally, if applicable, if there is an allocation of expenses across multiple wells, obtain the supporting allocation spreadsheet and gain an understanding of the basis for the allocation. Perform a mathematical check of 1) the subtotals of the detail of the expenses and agree these subtotals to the amounts reported on the Well Cost Statement(s), and 2) of the allocation of expenses of the wells.

**Result:** \_\_\_\_\_

3. **Procedure:** Inspect the detail of well cost expenses and note any invoices from the same vendor with an identical invoice number or invoice amount that might indicate duplicate costs included in the population of the Well Cost Statements for the Entity.

**Result:** \_\_\_\_\_

4. **Procedure:** Make a sample selection of 20 well cost expense items and 10 additional randomly selected expense items (total of 30 selections), stratifying the sample based on the well cost statement categories' subtotal amounts (pre-drilling, drilling, completion).

**Result:** \_\_\_\_\_

5. **Procedure:** Agree the selections in 4. to supporting documentation (e.g. contracts, invoices, proof of remittance/payments). Verify the supporting documentation related to the expense is an allowable expense as defined in The Louisiana Severance Tax Relief Program Cost Statement [Form-STRP-WCS-Instr.pdf](#).

**Result:** \_\_\_\_\_

**We were engaged by the Operator to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants.** We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Operator's compliance with the applicable regulations and published guidelines issued by C&E. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**We are required to be independent of the Operator and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.**

**This report is intended solely for the information and use of the management of the Operator, others within the organization, and C&E, and is not and is not intended to be and should not be used by anyone other than those specified parties.**

\_\_\_\_\_  
**CPA or CPA Firm Signature**

\_\_\_\_\_  
**CPA or CPA Firm Name**

\_\_\_\_\_  
**CPA License or CPA Firm Permit No.**

\_\_\_\_\_  
**CPA Address and Phone Number**

\_\_\_\_\_  
**Report Date (date of completion)**