

[Company Letterhead]

[Date]

[Audit Firm Name]

[Address]

[City, State, Zip Code]

Re: Representation Letter Regarding Asset Retirement Obligations (ARO)

Dear [Name of Engagement Partner],

This representation letter is provided in connection with your audit of the financial statements of [Company Name] as of [Date]. We confirm, to the best of our knowledge and belief, the following representations made to you during your audit regarding Asset Retirement Obligations (ARO):

1. **Identification:** We have identified all legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and normal operation of such assets.
2. **Recognition:** We have recognized a liability for the fair value of all Asset Retirement Obligations for which there is a legal obligation to settle, and the fair value can be reasonably estimated.
3. **Completeness:** There are no material Asset Retirement Obligations that have not been properly recorded or disclosed in the financial statements.
4. **Assumptions and Estimates:** The measurement of ARO liabilities is based on management's best estimates of the future cash flows required to settle the obligations, discounted at a credit-adjusted risk-free rate. The assumptions used, including inflation rates and estimated labor/material costs, are consistent with our internal operational plans.
5. **Asset Retirement Cost:** The costs associated with the ARO have been appropriately capitalized as part of the carrying amount of the related long-lived assets and are being depreciated over the useful life of the assets.
6. **Subsequent Events:** No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure of, the ARO estimates.

Very truly yours,

[Name of Chief Executive Officer]
Chief Executive Officer

[Name of Chief Financial Officer]
Chief Financial Officer