CLASS VI PERMIT FINANCIAL ASSURANCE DEMONSTRATION

40 CFR 146.85

LAPIS ENERGY (AR DEVELOPMENT) LP
PROJECT BLUE
EL DORADO, ARKANSAS

Prepared By:
GEOSTOCK SANDIA, LLC

Revision No. 0
January 2023

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1.0 FACILITY INFORMATION

Facility/Project Name:	El Dorado Chemical Company / Lapis Energy Project Blue Class VI Injection Well No. 1
Facility/Project Contact:	Stijn Konings, Chief Geoscientist Lapis Energy LP 2950 N. Harwood St. Dallas, Texas 75201 (972) 757-6529 / skonings@lapisenergy.com
Well Locations:	Union County El Dorado, Arkansas Project Blue Class VI Injection Well No. 1 Latitude Coordinate: 33.26217733 Longitude Coordinate: -92.69162567

Lapis Energy ("Lapis" or the "Company") is providing financial responsibility pursuant to 40 CFR 146.85.

Lapis has researched the financial instrument alternatives and intends to implement surety bonds to cover (a) the costs of corrective action, (b) injection well plugging, and (c) post-injection site care and site closure. For emergency and remedial response, the Company will be securing an insurance policy, similar to a well control policy crafted to our project specific needs and UIC Program Director requirements.

The estimated costs of each of these activities, as provided by a third party by knowledge of industry standards, are presented in **Table 1**.

Table 1. Cost Estimates for Activities to be Covered by Financial Responsibility.

Activity	Total Cost ($)
Corrective Action	$0.00
Plugging Injection Wells (including 20% contingency)	$343,820
Post-Injection Site Care and Site Closure (inc. 20% contingency)	$10,143,018
Emergency and Remedial Response	as required within industry standards

1.1 FINANCIAL BACKING OF LAPIS ENERGY

Lapis Energy has been capitalized to date with equity funding by certain members of the management team and Cresta Fund Management LLC ("Cresta"), a growth-oriented, middle market-focused private equity firm with over $1.4 billion of assets under management that invests in sustainable and conventional energy, industrial, materials and agricultural infrastructure. Cresta maintains in-house expertise in infrastructure development and has a track record of aligning with project developers and large corporations to develop, construct and operate infrastructure critical to industry operations.

[redacted]

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Lapis has reviewed 40 CFR 146.85 and understands the Company must demonstrate financial responsibility to the UIC Program Director during the phases of the application and the project itself. As such, the Company has provided estimates and procured advice from attorneys, industry advisors and insurance brokers, with direct experience with the EPA in general and Region VI specifically for companies that have submitted Class VI permit applications or are in process of doing so, to address the following:

1. Corrective action on wells in the AoR, described at 40 CFR 146.84
2. Injection well plugging, described at 40 CFR 146.92
3. Post-injection site care and site closure, described at 40 CFR 146.93
4. Emergency and remedial response activities, described at 40 CFR 146.94

Further, management has referenced the Underground Injection Control (UIC) Class VI Program Financial Responsibility Guidance document.

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Appendix 1

(submitted as Confidential Business Information)

Geostock Sandia

Appendix 2

(submitted as Confidential Business Information)

Geostock Sandia

Appendix 3

(submitted as Confidential Business Information)

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Appendix 4

(submitted as Confidential Business Information)

Geostock Sandia