APPENDIX C

FINANCIAL ASSURANCE DEMONSTRATION
40 CFR 146.85; 146.82(A)(14)

Jasper County Storage Facility

1. FACILITY INFORMATION

Facility Name: Jasper County Storage Facility

Facility Contact: [redacted]
501 Westlake Park Blvd., Houston, Texas 77079
[redacted]

Well Location: Jasper County, TX

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

2. INTRODUCTION

BP Carbon Solutions LLC (BP) is providing financial responsibility pursuant to 40 Code of Federal Regulations (CFR) 146.85 for the Jasper County Storage Facility (Site). In accordance with 40 CFR 146.85(a)(1), [redacted]. See Attachment 1 for an example surety bond form and insurance certificate.

3. COST ESTIMATES

In accordance with 40 CFR 146.85(a)(2) and 40 CFR 146.85(c), cost estimates are required to be based on the cost of hiring an independent third party to complete the scope of work. BP has experience in engaging third parties across our operations, including but not limited to subsurface, wells, and remediation management. This experience in BP's day-to-day operations has been applied through the Class VI cost estimation process.

3.1 AoR and Corrective Action

[redacted] reviewed legacy wells in the Area of Review (AoR), assessed their current status/risk, and provided cost estimates for corrective action needed for

deficient wells based on their level of risk. [redacted]

3.2 Injection Well Plugging

[redacted] Injection well plugging has been broken down into two sub-categories:

- Flushing Injection Wells and Testing/Mechanical Integrity Testing (MIT); and
- Plugging Injection Wells.

[redacted]

3.3 Post-Injection Site Care

[redacted] The PISC phase has been broken down into two sub-categories:

- Geochemical sampling and pressure monitoring; and
- Geophysical monitoring.

[redacted]

Site closure has been broken down into two categories:

- Demonstration of Non-Endangerment; and

- Plugging Monitoring Wells.

[redacted]

3.4 Emergency and Remedial Response

[redacted] stimates for emergency and remedial responses may vary significantly based on required scope.

3.5 Total Cost Estimate

The estimated costs of each of these activities are summarized in **Table 1**.

[redacted]

4. UPDATES TO FINANCIAL ASSURANCE DEMONSTRATION

In accordance with 40 CFR 146.85(c)(2), cost estimates will be updated and provided to the Underground Injection Control (UIC) Program Director to account for any of the following:

- Inflation during the active period of the project. This adjustment will be made 60 days prior to the anniversary date of the establishment of the financial instrument(s) used to comply with 40 CFR 146.85(a); and
- Amendments to the AoR and Corrective Action Plan, the Injection Wells Plugging Plan, the PISC and Site Closure Plan, and/or the Emergency and Remedial Response Plan. These updates will be provided no later than 60 days following the amendments.

ATTACHMENT 1
SUPPORTING DOCUMENTATION

Financial Guarantee Bond

Dated bond executed:_____
Effective date:_____
Principal: [legal name and business address of owner or operator]_____
_____
_____

Type of organization: [insert "individual," "joint venture," "partnership," or "corporation"]
_____

State of incorporation:_____
Surety(ies): [name(s) and business address(es)]_____
_____
_____

EPA Identification Number, name, address, and [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] amount(s) for each facility guaranteed by this bond [indicate [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] amounts separately]:_____
_____
_____
_____

Total penal sum of bond: $_____
Surety's bond number: _____

Know All Persons By These Presents, That we, the Principal and Surety(ies) hereto are firmly bound to the state of [name of state] or another party other than EPA, in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum jointly and severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas said Principal is required, under the Underground Injection Control Regulations (UIC), to have a permit or comply with requirements to operate under the Class VI Rule in order to own or operate each injection well identified above, and

Whereas said Principal is required to provide financial assurance for [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] as a condition of the permit or provisions to operate under the Rule, and

Whereas said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

Now, therefore, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] of each injection well identified above, fund the standby trust fund in the amount(s) identified above for the injection well,

Or if the Principal shall fund the standby trust fund in such amount(s) within 15 days after an order to begin [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] is issued by the UIC Program Director or a U.S. district court or other court of competent jurisdiction,

Or, if the Principal shall provide alternate financial assurance, as applicable, and obtain the UIC Program Director's written approval of such assurance, within 90 days after the date of notice of cancellation is received by both the Principal and the UIC Program Director from the Surety(ies), then this obligation shall be null and void, otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the UIC Program Director that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the injection well(s) into the standby trust funds for the fulfillment of [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] obligations described at 40 CFR 146.84, 146.92, 146.93, and/or 146.94, respectively.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond only for failure to pay and by sending notice of cancellation by certified mail to the Principal and to the UIC Program Director for the area in which the injection well(s) is (are) located. EPA requires that cancellation not become final for 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the UIC Program Director, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the UIC Program Director for the area in which the bonded facility(ies) is (are) located.

In Witness Whereof, the Principal and Surety(ies) have executed this Financial Guarantee Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal
[Signature(s)]
[Name(s)]
[Title(s)]
[Corporate seal][19]

Corporate Surety(ies)
[Name and address]
State of incorporation:
Liability limit: $
[Signature(s)]
[Name(s) and title(s)]

[Corporate seal][17]
[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]
Bond premium: $

V. Certificate of Insurance

A certificate of insurance, as specified in this chapter, may be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

Certificate of Insurance for [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response]

Name and Address of Insured (herein called the "insured"):_____
_____

Name and Address of Insurer (herein called the "insurer"):_____
_____

Injection Wells covered: [list for each well: The EPA Identification Number, name, address, and the amount of insurance for [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] (these amounts for all injection wells covered must total the face amount shown below).]_____
_____
_____

Face Amount: _____
Policy Number: _____
Effective Date:_____

The insurer hereby certifies that it has issued to the Insured the policy of insurance identified above to provide financial assurance for [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] for the injection wells identified above. The Insurer further warrants that such policy conforms in all respects with the requirements for the fulfillment of [corrective action, injection well plugging, post injection site care and site closure, and/or emergency and remedial response] obligations described at 40 CFR 146.84, 146.92, 146.93, and/or 146.94, respectively, as applicable and as such regulations were constituted on the date shown immediately below. It is agreed that any provision of the policy inconsistent with such regulations is hereby amended to eliminate such inconsistency.

The insurer may cancel the policy only for failure to pay the premium and by sending notice of cancellation by certified mail to the owner or operator and to the UIC Program Director for the area in which the injection well(s) is (are) located. EPA requires that cancellation not become final for 120 days beginning on the date of receipt of the notice of cancellation by the UIC Program Director, as evidenced by the return receipts.

Whenever requested by the UIC Program Director, the Insurer agrees to furnish to the UIC Program Director a duplicate original of the policy listed above, including all endorsements thereon.

[Authorized signature of Insurer]
[Name of person signing]
[Title of person signing]

[Signature of witness or notary:]
[Date]