SECTION 9 – FINANCIAL ASSURANCE

TABLE OF CONTENTS

9.1 Financial Responsibility 2
9.2 Financial Assurance 2
9.3 Corrective Action Plan 4
9.4 Injection Well Plugging and Abandonment 4
9.5 Monitoring Well Plugging and Abandonment 4
9.6 Post-Injection Site Care and Site Closure 4
9.6.1 Post-Injection Monitoring 4
9.6.2 Site Closure 4
9.7 Emergency and Remedial Response Plan 5
9.7.1 Scenario 1: Mineral Rights Infringement (Trespass) 5
9.7.2 Scenario 2: Water Quality Contamination 5
9.7.3 Scenario 3: Single Large-Volume Release to the Surface 5
9.7.4 Scenario 4: Low-Level Release to the Surface 5
9.7.5 Scenario 5: Entrained Contaminant Release 6
9.7.6 Scenario 6: Accidents/Unplanned Events 6
9.8 Updates to Financial Assurance 6

Figures

(None)

Tables

9.1 Financial Responsibility

To meet the requirements of 16 Texas Administrative Code (TAC) **§5.205** [Title 40, U.S. Code of Federal Regulations (40 CFR) **§146.82(a)(14)** and **§146.85(a)**], this section was prepared to summarize actions that Orchard Storage Company LLC (Orchard Storage) will take to demonstrate financial responsibility for injection well plugging, post-injection site care and site closure, and emergency and remedial response. This section also provides cost estimates to conduct these activities.

Orchard Storage will annually provide to the Director evidence of financial responsibility as required by 16 TAC **§5.205** [40 CFR **§146.85**]. This ensures that Orchard Storage has enough financial resources to cover corrective action, injection well plugging, post-injection site care and site closure, and emergency and remedial response if financial difficulties are encountered. This annual report will be submitted until the Director has determined that the facility has reached the end of the post-injection site care period. The following financial information will account for the entire area of review (AOR) and be submitted to aid in the Director's determination of financial responsibility:

- The most recent audited annual report filed with the U.S. Securities and Exchange Commission under Section 13 or 15(d), Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d))
- The most recent quarterly report filed with the U.S. Securities and Exchange Commission under Section 13 or 15(d), Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d))
- The operator's most recently audited financial statements, if the person is not required to file a report with the U.S. Securities and Exchange Commission

9.2 Financial Assurance

As required by 16 TAC **§5.205** [40 CFR **§146.85**], the following financial instruments will be secured and used to provide sufficient funding for the following activities:

- Injection Well Plugging – Bond
- Post-Injection Site Care and Site Closure – Insurance
- Emergency and Remedial Response – Insurance

[redacted]

Table 9-1 summarizes the cost estimates for those activities—estimates that will be revised annually and account for any changes in the AOR, emergency and remedial response plan, and injection well plugging.

[redacted]

[redacted]

This instrument will remain in effect until site closure. The financial instrument will, at a minimum, contain provisions for cancelation, renewal, and continuation. If Orchard Storage faces adverse economic conditions, it will notify the Commission and file a bankruptcy notice via certified mail to the Director.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted].

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]