

Plan revision number: 1

Plan revision date: 10/31/2024

FINANCIAL ASSURANCE DEMONSTRATION PLAN

40 CFR 146.82(a)(14) and (19), 146.85

South Texas Sequestration Project (Kleberg Hub)

FINANCIAL ASSURANCE DEMONSTRATION PLAN 40 CFR 146.82(a)(14) and (19), 146.85.....1

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1.0 Facility Information

Facility name: South Texas Sequestration Project (Kleberg Hub)
Well Names: Becerra_CCS_01_01, Becerra_CCS_01_02,
Becerra_CCS_02_01, Becerra_CCS_02_02, Garcias_CCS_01_01,
Garcias_CCS_01_02

Facility contact: [REDACTED], Project Manager
5 Greenway Plaza, Suite 110, Houston, TX 77046
[REDACTED]

Well location: Kleberg County, Texas

WELL_NAME	LAT_NAD27	LONG_NAD27
Becerra_CCS_01_01	[REDACTED]	[REDACTED]
Becerra_CCS_01_02	[REDACTED]	[REDACTED]
Becerra_CCS_02_01	[REDACTED]	[REDACTED]
Becerra_CCS_02_02	[REDACTED]	[REDACTED]
Garcias_CCS_01_01	[REDACTED]	[REDACTED]
Garcias_CCS_01_02	[REDACTED]	[REDACTED]

The matter of financial assurance demonstration is relevant to the requirements of Environmental Protection Agency (EPA) document 40 CFR Subpart H - Criteria and Standards applicable to Class VI Wells. The main topics covered in this attachment are activities requiring financial assurance, instruments to meet financial responsibility, and the plan to be implemented by the Kleberg Sequestration Hub, LLC (1PointFive) for the South Texas Sequestration Project (Kleberg Hub).

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2.0 Activities Requiring Financial Assurance

Pursuant to 40 CFR 146.85, 1PointFive is required to demonstrate financial ability to successfully complete all the tasks associated with performing corrective action, plugging injection and monitoring wells, post-injection site care, site closure, and implementation of an emergency remedial response plan as specified in Table FA-1.

Table FA-1—List of project activities that require financial assurance

Activity	Period of Performance
Performing corrective action	As needed
Plugging injection and monitoring wells	One time
Post-injection site care	Throughout the post-injection phase
Site closure	One time
Emergency/remedial response	As needed

3.0 Instruments to Meet Financial Responsibility

1PointFive has reviewed the extensive guidance, research, and analysis documents published by the EPA and intends to utilize a letter of credit to demonstrate financial responsibility for all activities requiring financial assurance. The letter of credit will be from a financially stable bank or institution that has (a) assets of at least Ten Billion Dollars (\$10,000,000,000) and (b) has a Long-Term Credit Rating of at least “A-” by S&P and at least “A3” by Moody’s. The letter of credit will be irrevocable, require the issuing institution to provide notice if it does not plan to reissue the letter of credit, and will include a provision for automatic renewal. 1PointFive will establish a standby trust fund in accordance with EPA’s guidance to receive any funding necessary to address the cost of covered activities. 1PointFive may change the instrument used to demonstrate financial assurance in accordance with 40 CFR 146.85.

4.0 Cost Estimate for Activities Covered by Financial Responsibility

1PointFive will provide financial assurance sufficient to cover the costs identified in Table FA-2. Costs are to be in current \$USD at the time of submission. A detailed cost estimate will be included as a separate document.

Table FA-2—Cost estimate for activities covered by financial assurance

Activity	Cost (Millions of \$USD)
Performing corrective action	
Plugging injection wells	
Post-injection site care	
Site closure	
Emergency/remedial response	

████████ wells were identified as needing corrective actions within the area of review (AoR). ██████████

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■ Details about the AoR to support this determination can be found in the Area of Review and Corrective Action Plan document of this permit.

Details of the injection well plugging plan are found in the Plugging Plan document of this permit application.

Details of the post-injection site and site closure plan are found in the Post Injection Site Care and Site Closure Plan document of this permit application. The Post-Injection Site care costs will be estimated from cessation of injection to site closure and account for activities included in the Post-Injection Site care plan.

Details of the emergency and remedial response plan are found in the Emergency and Remedial Response plan document of this permit. Emergency and Remedial Response costs will be estimated and account for activities included in the Emergency and Remedial Response plan.

The instrument values provided in this document are based upon cost estimates by the 1PointFive project team with input cost data from representative projects and service providers. Cost estimates provided during the permit process can be expected to change during the application approval process. 1PointFive will adjust the value of the financial instruments prior to securing financial instruments.