

APPENDIX C

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

West Bay Storage Facility

1 FACILITY INFORMATION

Facility Name: West Bay Storage Facility

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

Well Location: Galveston County, TX
[REDACTED]

2 INTRODUCTION

BP Carbon Solutions LLC (BP) is providing financial responsibility pursuant to 40 Code of Federal Regulations (CFR) 146.85 for the West Bay Storage Facility (Site). In accordance with 40 CFR 146.85(a)(1), [REDACTED]

[REDACTED] See **Attachments 1** and **2** for an example surety bond form and insurance certificate, respectively.

Self-insurance is not used as a financial instrument.

3 COST ESTIMATES

In accordance with 40 CFR 146.85(a)(2) and 40 CFR 146.85(c), cost estimates are 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]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

3.2 Injection Well Plugging

[REDACTED]
[REDACTED]

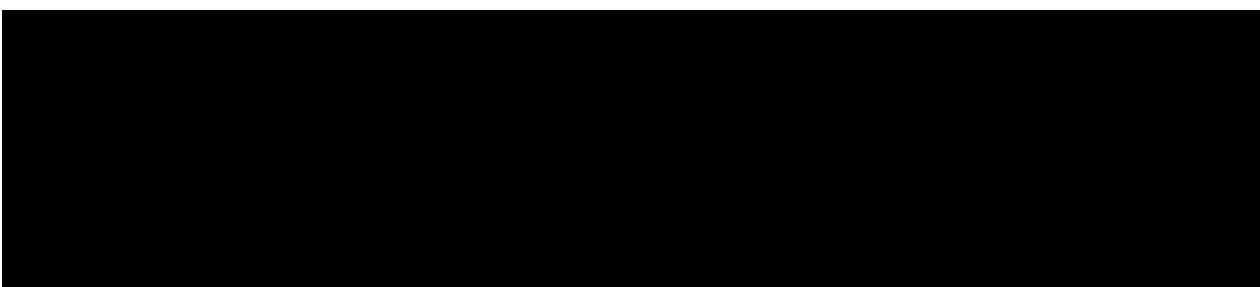
- Flushing Injection Wells and Testing/Mechanical Integrity Testing (MIT); and
- Plugging Injection Wells.

3.3 Post-Injection Site Care

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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

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



Site closure has been broken down into two categories:

- Demonstration of Non-Endangerment; and
- Plugging Monitoring Wells.

3.4 Emergency and Remedial Response

Estimates for emergency and remedial responses may vary significantly based on required scope.

3.5 Total Cost Estimate

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

4 UPDATES TO FINANCIAL ASSURANCE DEMONSTRATION

Cost estimates will be updated and provided to the Underground Injection Control (UIC) Program Director in accordance with 40 CFR 146.85, including for 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 Well 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
EXAMPLE SURETY BOND FORM

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: \$

ATTACHMENT 2
EXAMPLE INSURANCE CERTIFICATE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERs NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: PHONE (A/C, No. Ext):		FAX (A/C, No):
	E-MAIL ADDRESS:		
INSURED	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A :		
	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERS

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input type="checkbox"/> OCCUR					EACH OCCURRENCE	\$
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- JECT <input type="checkbox"/> LOC					DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
	OTHER:					MED EXP (Any one person)	\$
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					PERSONAL & ADV INJURY	\$
	UMBRELLA LIAB EXCESS LIAB	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE				GENERAL AGGREGATE	\$
	DED <input type="checkbox"/> RETENTION \$					PRODUCTS - COMP/OP AGG	\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y/N N/A				COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
						EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
						PER STATUTE	OTH- ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



