

**FINANCIAL RESPONSIBILITY DEMONSTRATION
40 CFR 146.85**

Project Name: Pineywoods CCS Hub

Facility Information

Facility Name: Pineywoods CCS Hub

Facility Contact: Pineywoods CCS, LLC
14302 FNB Parkway
Omaha, NE 68154

RRC Organization
Report Number: in process

Entrance Location: 30° 3'45.96"N, 94°33'14.78"W

Well Locations: Liberty and Hardin Counties, Texas

| Well Name | Latitude (dms) | Longitude (dms) |
|-----------|----------------|-----------------|
| PW-1 | 30° 2'1.24"N | 94°31'16.30"W |
| PW-2 | 30° 3'45.96"N | 94°33'14.78"W |
| PW-3 | 30° 6'7.27"N | 94°31'27.22"W |
| PW-4 | 30° 7'58.94"N | 94°31'28.79"W |

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List of Acronyms/Abbreviations

| | |
|-----------------|--------------------------------------|
| AOR | Area of Review |
| CCS | Carbon capture and storage |
| CO ₂ | Carbon dioxide |
| DOE | Department of Energy |
| DAS | Distributed Acoustic Sensing |
| DTS | Distributed Temperature Sensing |
| EPA | Environmental Protection Agency |
| ERRP | Emergency and Remedial Response Plan |
| ft | Feet |
| MIT | Mechanical Integrity Test |
| MMcf/d | Million cubic feet/day |
| mg/l | Milligrams per liter |
| t | Metric tons |
| MMt | Millions of metric tons |
| t/d | Metric tons per day |
| t/y | Metric tons per year |
| MMt/y | Millions of metric tons per year |
| PISC | Post-Injection Site Care |
| PNC | Pulsed Neutron Capture Log |
| psi | Pounds per square inch |
| psi/ft | Pounds per square inch per foot |
| PW | Pineywoods CCS Hub |
| RRC | Railroad Commission of Texas |
| SS | Sub-Sea |
| TVD | True Vertical Depth |
| UIC | Underground Injection Control |
| USDW | Underground Source of Drinking Water |

A. Introduction

Under 40 CFR 146.85, owners / operators of Geologic Sequestration (GS) wells are required to demonstrate Financial Responsibility consistent with the July 2011 guidance set forth by the U.S. Environmental Protection Agency (EPA, 2011). Texas has additional requirements for financial responsibility and assurance for geologic storage facilities at 16 TAC 5.203(n) and 5.205. Pineywoods CCS, LLC has prepared this document to comply with federal and state requirements and to summarize its project activities, as well as the combination of qualifying financial instruments, that it proposes to use to demonstrate Financial Responsibility for the following GS activities: (1) Corrective Action; (2) Injection Well Plugging; (3) Post-Injection Site Care; (4) Site Closure; and (5) Emergency and Remedial Response.

Pursuant to 40 CFR 146.85, the Financial Responsibility instrument(s) must be sufficient to address endangerment of underground sources of drinking water at the geological sequestration site.

Pineywoods CCS, LLC intends to use an Escrow Account to demonstrate Financial Responsibility for: (1) Corrective Action; (2) Injection Well Plugging; (3) Post-Injection Site Care; and (4) Site Closure for the Pineywoods CCS Project in Liberty and Hardin Counties, Texas. Pineywoods CCS, LLC intends to use third-party Insurance to demonstrate Financial Responsibility for Emergency and Remedial Response.

Consistent with EPA's July 2011 guidance, Pineywoods CCS, LLC provides this demonstration of Financial Responsibility with the understanding that the financial instruments referenced herein will be updated and verified over time. As each GS activity is initiated, Pineywoods CCS, LLC will ensure that the coverage limits provided by the respective Financial Responsibility instruments are sufficient to cover the corresponding project costs prior to initiating the next GS project phase.

Pineywoods CCS, LLC was formed in 2023 and has not filed an annual report with the U.S. Securities and Exchange Commission nor does the company have an audited financial statement. Thus, to demonstrate financial responsibility in adherence with Texas requirements at 16 TAC 5.203(n), an audited financial statement for 2023 for Pineywoods CCS, LLC, will be provided to RRC in 2024. Upon RRC's issuance of a Geologic Storage Facility Permit for the Pineywoods CCS Hub, Pineywoods CCS, LLC will annually submit to RRC evidence of financial responsibility consisting of a recent report to the U.S. Securities and Exchange Commission or audited financial statement (16 TAC 5.205). Additionally, Pineywoods CCS, LLC filed a P-5 Organization Report with RRC on October 10, 2023, to obtain the report number required as part of the Geologic Storage Facility Permit (16 TAC 5.203(a)(2)(A)).

B. Estimated Coverage Amounts

Pineywoods CCS, LLC contracted with Advanced Resources International, Inc. (ARI) to provide a third-party estimate of Financial Responsibility for the Pineywoods CCS Hub. To determine the costs for the coverage amounts underpinning this Financial Responsibility Demonstration, ARI used currently available price quotes (in Year 2022 dollars) and assumed the hiring of independent, third-party contractors for each Financial Responsibility activity.

ARI used the following assumptions to estimate costs:

- CO₂ injection occurs for 30 years starting in Year 2025.
- It is estimated that 153 of the 169 legacy oil and gas wells will require corrective action, as outlined in the **Area of Review and Corrective Action Plan**.
- All injection wells are converted to in-zone observation wells post-injection, operated for 5 years, and then plugged.
- Post-injection activities include monitoring as outlined in the **Post-Injection Site Care and Site Closure Plan** for a period of 50 years after cessation of injection.
- Site closure occurs during the year following the ending of Post-Injection Site Care (PISC). The cost estimate includes well maintenance/upkeep, AOR reevaluations as required, and monitoring facilities/personnel costs.
- Site closure entails plugging and abandoning all project wells as outlined in the **Well Plugging Plan** and restoring all well sites to original conditions.
- Emergency and Remedial Response is assumed to occur during CO₂ injection when the buildup in reservoir pressure and consequent risk of leakage is the highest. The costs for Emergency and Remedial Response include costs to promptly respond to a leak from a project well using the following actions:
 - Isolating the leaking project well,
 - Stopping CO₂ injection,
 - Controlling the leaking project well,
 - Safely disposing any produced fluids,
 - Converting an above-zone observation well to an above-zone pressure barrier well,
 - Remediating the leaking project well, and
 - After remediating the leaking well, reconvert the above-zone pressure barrier well back to an above-zone observation well
- Costs are based on vendor quotes and estimates, in 2022 dollars.

Table 1 provides the site-specific information utilized to estimate the various Financial Responsibility costs for the Pineywoods CCS Hub.

Table 1: Cost Estimation Inputs for Estimating Financial Responsibility for the Pineywoods CCS Hub

| Input | Value | Unit |
|---|-------|-------------------------------------|
| Planned Injection Total | 150 | Million Metric tons CO ₂ |
| Injection Phase | 30 | Years |
| Plume Area | 25.18 | Square miles |
| Area of Review | 110 | Square miles |
| Injection Wells | 4 | Count |
| In-zone Observation Wells | 4 | Count |
| Above-zone Observation Wells | 3 | Count |
| Deep USDW Observation Wells | 6 | Count |
| Shallow USDW Wells | 7 | Count |
| Legacy Oil and Gas Wells inside AOR | 169 | Count |
| Legacy Oil and Gas Wells Possibly Requiring Corrective Action | 153 | Count |
| PISC Phase | 50 | Years |

Table 2 summarizes the total estimated project costs by Financial Responsibility Activity, assuming CO₂ injection starts in Year 2025 and continues for 30 years through Year 2054, followed by 50 years of PISC and one year for Site Closure. **Table 2** also provides an estimated timeline for when financial coverage is expected to be needed.

Table 2: Summary of Financial Responsibility Costs by Phase/Activity to be Covered by Financial Responsibility

| GS Project Phase / Activity | Timeline of Coverage | Total Current Cost Estimate (2022\$) |
|---------------------------------|----------------------|--------------------------------------|
| Corrective Action | Beginning in 2025 | \$68,850,000 |
| Injection Well Plugging | 2061 | \$800,000 |
| Post-Injection Site Care | 2055 to 2104 | \$56,342,250 |
| Site Closure | 2104 | \$6,736,500 |
| Emergency and Remedial Response | 2025-2054 | \$7,500,000 |
| Total | | \$140,228,750 |

C. Discussion of Financial Responsibility Activities and Cost Estimates

C.1 Corrective Action

As discussed in the **Area of Review and Corrective Action Plan**, Pineywoods CCS, LLC has determined that there are up to 169 legacy oil and gas wells in the proposed AOR. Pineywoods CCS, LLC bases this determination on an examination of the wells (e.g., oil and gas, saltwater disposal, wastewater injection) currently residing within the AOR that penetrate the storage intervals or the primary confining unit. Of these, 123 had API numbers identified. Well records for the 46 wells with no API number were investigated in person at the RRC's office in Austin, Texas. The breakdown of information on these 123 wells with API numbers and the 46 wells without API numbers is summarized in **Table 3**. The table shows that up to an estimated 153 wells could possibly require corrective action.

Table 3: Summary of Data on Wells within the AOR

| | No API Numbers | With API Numbers | Combined Total |
|--|----------------|------------------|----------------|
| Total wells | 46 | 123 | 169 |
| Missing depth or record not found | 21 | 0 | 21 |
| Permit Expired/Cancelled | 2 | 7 | 9 |
| Drilled and Depth Record Found | 23 | 116 | 139 |
| Shallower than Caprock | 4 | 3 | 7 |
| Intersecting | 19 | 113 | 132 |
| Missing casing records | 21 | 61 | 82 |
| Wells with casing records | 19 | 52 | 71 |
| Wells that may require corrective action excluding wells with missing depth data | 19 | 113 | 132 |
| Wells that may require corrective action including wells with missing depth data | 40 | 113 | 153 |

Estimated well plugging costs are \$450,000 per well. This is based on a compilation of experience with plugging wells associated with storage projects, including an example Authorization for Expenditure (AFE) developed for such purposes. The cost estimate assumption that the 153 legacy oil and gas wells will need to be plugged is a worst-case scenario. Each well will be assessed for its current status, and corrective action for active wells will cost less than the plugging estimate. The plugging cost estimate includes locating the well, assessing its status, and plugging to current standards. A generalized procedure for plugging is assumed as follows:

- Locate wells using ground penetrating radar or other methods.
- Prepare location and road as needed.
- Dig down to find existing surface casing.
- Attach flange to existing 8 5/8" casing to nipple up on.
- Move in drilling rig and support equipment.
- Drill out plugs in surface casing and establish that wellbore is open below surface casing.
- Carefully begin to go in hole while circulating fresh drilling mud.
- Clean out existing bore hole.
- Condition hole for logs.
- Run wireline logs. Resistivity, GR, SP, Density, and Caliper
- Trip back in hole with open ended drill pipe and plug well in 500 feet lifts from TD to surface. Cement system to be 50/50 A/C-Poz at 15.1 ppg.

- Cut off casing and weld plate onto 8 5/8" casing.
- Move out all equipment.
- Rehab location and road.

Total plugging costs for 153 wells at \$450,000 per well amounts to \$68,850,000.

However, not all these wells will require immediate corrective action. As the project progresses, and as the plume advances over time, the determination on which wells require corrective action will be updated. As summarized in the **Area of Review and Corrective Action Plan**, timing of corrective action is proposed as phased and is estimated by modeling the number of wells contacted over various time periods by the advancing AOR (pressure plume), as shown in **Table 4**.

Table 4. Estimated Number of Wells Penetrating the Cap Rock Contacted by the AOR Over Time

| Pressure Plume Extent Time Frame | Corrective Action Year | Number of Wells |
|------------------------------------|------------------------------|-----------------|
| 0 - 5 year during injection phase | Before Injection Starts | 85 |
| 5- 10 year during injection phase | 3rd year of injection phase | 43 |
| 10-20 -year during injection phase | 8th year of injection phase | 14 |
| 20-30 -year during injection phase | 18th year of injection phase | 11 |
| | Total | 153 |

C.2 Injection Well Plugging

In estimating Financial Responsibility coverage values for injection well plugging, ARI assumed that all four of the injection wells will first be converted to in-zone observation wells after CO₂ injection stops and that these four wells will monitor pressure for 5 years post-injection. ARI assumed that these four injection wells will be plugged in Year 2061. Injection well plugging is detailed in the **Injection Well Plugging Plan** and assumed filling the entire wellbore with cement, which exceeds the standards required by Texas regulations under 16 TAC 5.203(n) and 5.205. ARI based costs for plugging and abandoning wells on those associated with the DOE/NETL-sponsored Kemper Project (https://netl.doe.gov/sites/default/files/netl-file/22CM_CTS16_Berry.pdf). Based on current information, the injection well plugging and abandonment costs are estimated at \$200,000 per injection well for a total of \$800,000 for four wells (in Year 2022 dollars). Note that this cost is less than that associated with plugging legacy wells, as these wells would have already been completed to Class VI standards. See **Table 5.A** for details.

C.3 Post-Injection Site Care (PISC)

Pineywoods CCS, LLC's activities during the Post-Injection Site Care (PISC) time period are discussed in the **Post-Injection Site Care and Site Closure Plan**. The activities include monitoring for a period of 50 years once injection ceases, on-going well maintenance, periodic reevaluation of the AOR, maintenance of associated facilities, and field personnel costs. Pineywoods CCS, LLC anticipates that the PISC activity will begin in Year 2055, after injection ceases, and continue through Year 2104. The total Financial Responsibility cost estimate for PISC is \$56,342,250 (in Year 2022 dollars), based on industry estimates and independent, third-party

engineering data, some of which is based on ARI's experience with the Kemper Project referenced above. See **Table 5.B** for details.

C.4 Site Closure

The Financial Responsibility rules state that the well sites must be returned to original conditions, and the observation wells must be securely plugged and abandoned (P&A). Pineywoods CCS, LLC's activities for site closure, including the plugging and abandonment of project wells and site remediation, are detailed in the **Well Plugging Plan**. ARI assumed that site closure activity will occur in Year 2105. The total Financial Responsibility cost estimate for site closure is \$6,736,500 (in Year 2022 dollars), based on industry estimates and independent, third-party engineering data, some of which is based on ARI's experience with the Kemper Project referenced above. See **Table 5.C** for details.

C.5 Emergency and Remedial Response

Evidence provided in the **Project Narrative** indicates the Pineywoods CCS Hub has a favorable setting for geologic sequestration. Given the quality and thickness of the seal, there exists an extremely low risk of a leak above the confinement interval. Additionally, all new wells within the AOR will have been completed to federal and state standards. Nonetheless, a leakage scenario could result from a loss of mechanical integrity in the wellbore or a loss of geologic containment in the confining interval.

The Financial Responsibility estimate assumed the most likely emergency, which is a CO₂ leak from the injection interval due to the loss of mechanical integrity in an injection well. The cost estimate assumed a rapid remedial response.

Table 5: Estimated Costs for Post Injection Site Care/Monitoring and Site Closure

| | Number of Wells | Units | Cost/Unit | Total Cost | |
|--|--------------------|-------|-----------|--------------|---------------------|
| A. Injection Well Plugging | | | | | |
| 1. Injection Wells | 4 | 1 | \$200,000 | \$800,000 | |
| | | | | Subtotal | \$800,000 |
| | | | | Total | \$800,000 |
| B. Post Injection Site Care and Monitoring | | | | | |
| 1. CO2 Injection Wells | | | | | |
| ▪ Operation & Maintenance (inc. pressure monitoring, MITs and USIT) | 4 | 5 | \$48,000 | \$960,000 | \$960,000.00 |
| 2. In-Zone CO2 Pressure/Plume Observation | | | | | |
| ▪ Operation & Maintenance (inc. pressure monitoring, MITs and USIT) | 4 | 50 | \$48,000 | \$9,600,000 | |
| ▪ Pulsed Neutron Log | 4 | 4 | \$25,000 | \$400,000 | |
| ▪ Vertical Seismic Monitoring (Repeat) | 1 | 4 | \$450,000 | \$1,800,000 | |
| | | | | Subtotal | \$11,800,000 |
| 3. Above Zone Observation | | | | | |
| ▪ Operation & Maintenance (inc. bottom-hole pressure monitoring) | 3 | 50 | \$36,000 | \$5,400,000 | |
| ▪ Fluid Sampling/Analyses | 3 | 50 | \$25,000 | \$3,750,000 | |
| ▪ Pulsed Neutron Log | 3 | 4 | \$25,000 | \$300,000 | |
| | | | | Subtotal | \$9,450,000 |
| 4. USDW Observation Wells | | | | | |
| ▪ Operation & Maintenance | 6 | 50 | \$24,000 | \$7,200,000 | |
| ▪ Fluid Sampling/Analyses | 6 | 50 | \$5,000 | \$1,500,000 | |
| | | | | Subtotal | \$8,700,000 |
| 5. Shallow Ground Water Observation Wells | | | | | |
| ▪ Operation & Maintenance | 7 | 50 | \$6,000 | \$2,100,000 | |
| ▪ Fluid Sampling/Analyses | 7 | 50 | \$3,500 | \$1,225,000 | |
| | | | | Subtotal | \$3,325,000 |
| 6. Corrosion Monitoring | 1 | 200 | \$5,000 | \$1,000,000 | \$1,000,000 |
| 7. Reservoir Modeling/Analytics | 1 | 5 | \$300,000 | \$1,500,000 | \$1,500,000 |
| 8. Annual Reports | | 50 | \$100,000 | \$5,000,000 | \$5,000,000 |
| | | | | Subtotal | \$41,735,000 |
| 9. G&A | 15% | | | | \$6,260,250 |
| 10. Contingency | 20% | | | | \$8,347,000 |
| | | | | Total | \$56,342,250 |
| C. Site Closure | | | | | |
| 1. Well Plugging | | | | | |
| ▪ In-Zone Monitoring Wells | 4 | 1 | \$200,000 | \$800,000 | |
| ▪ Above Zone Monitoring Wells | 3 | 1 | \$150,000 | \$450,000 | |
| ▪ USDW Monitoring Wells | 6 | 1 | \$50,000 | \$300,000 | |
| ▪ Ground Water Monitoring Wells | 7 | 1 | \$20,000 | \$140,000 | |
| | | | | Subtotal | \$1,690,000 |
| 2. Site Remediation | 10 | 1 | \$300,000 | \$3,000,000 | \$3,000,000 |
| 3. Site Closure Report (Draft/Final) | | 2 | \$150,000 | \$300,000 | \$300,000 |
| | | | | Subtotal | \$4,990,000 |
| 4. G&A | 15% | | | | \$748,500 |
| 5. Contingency | 20% | | | | \$998,000 |
| | | | | Total | \$6,736,500 |

If a leak is detected above the confinement interval, the first step will be cessation of CO₂ injection. Next, the above-zone observation well most proximal to the detected leaking injection well will be converted into a water injection well to provide a pressure barrier between the detected leak interval and USDWs. In addition, a portion of the brine in the storage interval will be produced to lower the pressure in the storage interval. This methodology is recognized by industry as best-practice for CO₂ storage projects (Kuuskraa and Godec, 2007). For more information on the specific responses to alternative emergency scenarios, please refer to the **Emergency and Remedial Response Plan**.

The costs required to remediate an emergency-level leakage scenario are set forth in **Table 6** below. Cost items are generalized to account for the inherent variability of emergency and remedial response scenarios and are estimated at \$7,500,000 (in Year 2022 dollars).

Table 6: Costs for Emergency and Remedial Response

| Cost Element | 2022 Dollars |
|--|--------------------|
| Field Equipment and Labor for Rapid Response | \$500,000 |
| Supply and Disposal of Water | \$1,000,000 |
| Convert and Operate Above-Zone Monitor Well to Create Pressure Barrier | \$3,000,000 |
| Cement Squeeze Injection Well to Restore Mechanical Integrity | \$1,500,000 |
| Reconvert Pressure Barrier Well to Above-Zone Monitoring Well | \$1,500,000 |
| Total | \$7,500,000 |

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For deriving a cost estimate for Emergency and Remedial Response, ARI addressed the following cost elements: (1) field equipment and labor; (2) supply and disposition of water; (3) converting and operating an above-zone observation well to create a pressure barrier; (4) cement squeezing the injection well to restore mechanical integrity; and (5) reconverting the pressure barrier well to an above-zone observation well. ARI assumed that this Financial Responsibility activity would occur during CO₂ injection when the reservoir pressure in the injection interval is higher and thus the risk of an emergency is higher.

D. Financial Responsibility Demonstration

Pineywoods CCS, LLC intends to demonstrate Financial Responsibility for the Pineywoods CCS Hub through a combination of qualifying instruments, including an Escrow Account and Insurance. Presently, the segregated Escrow Account will be used to demonstrate Financial Responsibility for Corrective Action, Injection Well Plugging, Post-Injection Site Care, and Site Closure. Third-party insurance will be used to demonstrate Financial Responsibility for Emergency and Remedial Response. The combination of these financial instruments will provide appropriate assurances to EPA of Pineywoods CCS, LLC's ability to fulfill its financial responsibilities at the Pineywoods CCS Hub. **Table 7** summarizes the breakdown of Financial Responsibility coverages by financial instrument.

Table 7: Summary of GS Activity Costs by Financial Responsibility Instrument

| Financial Responsibility Project Phase / Activity | Timeline of Coverage | Total Current Cost Estimate (2022\$) | Covered by Escrow | Covered by Commercial Insurance |
|---|----------------------|--------------------------------------|----------------------|---------------------------------|
| Corrective Action | Beginning in 2025 | \$68,850,000 | \$68,850,000 | |
| Injection Well Plugging | 2061 | \$800,000 | \$800,000 | |
| Post-Injection Site Care | 2055 to 2104 | \$56,342,250 | \$56,342,250 | |
| Site Closure | 2104 | \$6,736,500 | \$6,736,500 | |
| Emergency and Remedial Response | 2025-2054 | \$7,500,000 | | \$7,500,000 |
| Total | | \$140,228,750 | \$132,728,750 | \$7,500,000 |

The values included in this demonstration of Financial Responsibility are based on cost estimates developed as part of the permit application development process. They are based on the hiring of third-party contractors to perform the services or to procure goods associated with the performance of each Financial Responsibility activity. These values are subject to change during the course of the project to account for inflation of costs and changes to the project that may affect the cost of covered activities. Pineywoods CCS, LLC will adjust the value of the financial instruments in response to any changes in cost estimates. All adjustments will be submitted for approval by EPA and RRC and prior to any adjustment to the coverage amounts of the financial responsibility instruments included in **Table 7**.

Upon RRC's issuance of the Geological Storage Facility Permit, Pineywoods CCS, LLC will submit to RRC annual updates of the cost estimate within 60 days prior to the anniversary date of the establishment of the financial instruments and within 60 days of any amendment to the **Area of Review and Corrective Action Plan, Well Plugging Plan, Post-Injection Site Care and Site Closure Plan, or Emergency and Remedial Response Plan** (16 TAC 5.205(c)(2)(E)). Pineywoods CCS, LLC will also update the face amount of a financial instrument within 60 days of an updated cost estimate indicating a cost increase and provide evidence of the update to RRC (16 TAC 5.205(c)(2)(G)).

D.1 Insurance

Pineywoods CCS, LLC proposes to demonstrate Financial Responsibility for Emergency and Remedial Response using third-party Insurance. Attachment 1 includes the executed Certificate of Insurance with Travelers Property Casualty Company of America, effective October 13, 2023, and expiring October 13, 2024. This policy comprises the protective conditions of coverage in 40 CFR 146.85(4). Fitch assigned an AA rating to Travelers Property Casualty Company of America on April 4, 2023.

The four proposed injection wells that are covered by the policy are: PW-1, PW-2, PW-3, and PW-4. The face amount of the policy is: \$7,500,000. This value is sufficient to cover the total current

cost estimate of \$7,500,000 (2022\$) for Emergency and Remedial Response, based on independent, third-party engineering data.

This control of well coverage form is designed to support an emergency response plan with expertise and funding in the event of an uncontrolled leak at the injection site. It can also provide emergency pollution remediation response and support well re-drill or sidetrack drilling to recover an injection well if needed. The face amount of this insurance coverage is sufficient to provide the expert resources required to support an emergency or remedial action. This coverage will be maintained until completion of well plugging.

D.2 Other Qualifying Instruments

Pineywoods CCS, LLC proposes to demonstrate Financial Responsibility for Corrective Action, Injection Well Plugging, Post-Injection Site Care, and Site Closure, all of which are GS activities that are anticipated to occur in the future, using a segregated Escrow Account. As required by rule, the funds held in this Escrow Account are segregated from other funds and uses. A copy of the executed Escrow Agreement with Computershare Trust Company, National Association, effective October 16, 2023, is included as Attachment 1. Fitch assigned a BBB rating to Computershare Trust Company, National Association on August 28, 2023. The executed Escrow Agreement is consistent with the requirements of Appendix B of EPA's guidance (EPA, 2011).

Pineywoods CCS, LLC relies on the present value method to determine the amount of funds to be placed in the Escrow Account in the near-term (i.e., prior to initial injection) so as to assure sufficient monies are available in the future to cover estimated costs for each GS activity, at the time each GS activity phase begins.¹ To achieve this goal, Pineywoods CCS, LLC proposes the pay-in schedule summarized in **Table 8** and detailed in **Table 9** on the following page.

Specifically, **Table 9** provides the initial pay-in schedule, attendant Escrow balance, and anticipated stream of expenditures by GS activity. Pineywoods CCS, LLC has deposited an initial up-front payment of \$1.0 million into the segregated Escrow Account. Initial deposits prior to the start of construction will be more than sufficient to cover the total current cost estimate for Corrective Action and Injection Well Plugging. Separately, Pineywoods CCS, LLC intends to make four additional annual deposits into the Escrow Account prior to initial injection.

¹ The present value method is used in corporate finance to determine today's value of a stream of future cash flows. Present value analysis is based on the expectation that funds invested, today, can grow over time to match the expected need and timing for funds in the future. This concept is referred to as the Time Value of Money; that is, money available today is worth more than the same amount in the future, because of its potential to earn a return on investment.

Table 8. Escrow Account Summary

| | |
|---|---|
| Grantor agrees to fund the account with follow-on payments pursuant to the following schedule: | |
| 1. | Payment 1: \$1,000,000 upon application. |
| 2. | Payment 2: \$2,000,000 within 30 days of the anniversary date of Payment 1 |
| 3. | Payment 3: \$37,000,000 within 30 days of the permit to construct, but no later than 30 days prior to start of construction |
| 4. | Payment 4: \$14,650,000 within 30 days of permit to inject, but no later than 30 days prior to initial injection |
| 5. | Payment 5: \$14,650,000 within 30 days of the anniversary date of Payment 4, but no later than 30 days prior to initial injection |
| 6. | Payment 6: \$14,650,000 within 30 days of the anniversary date of Payment 5, but no later than 30 days prior to initial injection |

Proposed Injection Wells PW-1, PW-2, PW-3, and PW-4
Financial Responsibility Demonstration for Pineywoods CCS Hub, Liberty and Hardin Counties, Texas

Table 9. Escrow Account Detail

| 4.760% 30-Year Treasury Yield (as of 10/2/23) | | | | | | | | | | | |
|---|--------------------------|------------------|-----------------------------|-------------------|-------------------------|---------------------------------|--------------|------------------|-------------------------------------|------------------|-----------------------|
| 1.500% Inflation | | | | | | | | | | | |
| Engineering Cost Estimates (2022) | | | | | | | | | | | |
| Year | Beginning Escrow Balance | Pay-in to Escrow | Escrow Balance after Pay-in | Corrective Action | Injection Well Plugging | Post-Injection Site Care (PISC) | Site Closure | Inflated Cost | Escrow Balance after Costs Incurred | Interest Accrual | Ending Escrow Balance |
| 2023 | \$ - | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,000,000.00 | \$ 47,600.00 | \$ 1,047,600.00 |
| 2024 | \$ 1,047,600.00 | \$ 2,000,000.00 | \$ 3,047,600.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,047,600.00 | \$ 145,065.76 | \$ 3,192,665.76 |
| 2025 | \$ 3,192,665.76 | \$ 37,000,000.00 | \$ 40,192,665.76 | \$ 38,250,000.00 | \$ - | \$ - | \$ - | \$ 39,997,197.84 | \$ 195,467.92 | \$ 9,304.27 | \$ 204,772.19 |
| 2026 | \$ 204,772.19 | \$ 14,650,000.00 | \$ 14,854,772.19 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,854,772.19 | \$ 707,087.16 | \$ 15,561,859.35 |
| 2027 | \$ 15,561,859.35 | \$ 14,650,000.00 | \$ 30,211,859.35 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,211,859.35 | \$ 1,438,084.50 | \$ 31,649,943.85 |
| 2028 | \$ 31,649,943.85 | \$ 14,650,000.00 | \$ 46,299,943.85 | \$ 19,350,000.00 | \$ - | \$ - | \$ - | \$ 21,158,127.16 | \$ 25,141,816.69 | \$ 1,196,750.47 | \$ 26,338,567.17 |
| 2029 | \$ 26,338,567.17 | \$ - | \$ 26,338,567.17 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 26,338,567.17 | \$ 1,283,715.80 | \$ 27,592,282.96 |
| 2030 | \$ 27,592,282.96 | \$ - | \$ 27,592,282.96 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,592,282.96 | \$ 1,313,392.67 | \$ 28,905,675.63 |
| 2031 | \$ 28,905,675.63 | \$ - | \$ 28,905,675.63 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 28,905,675.63 | \$ 1,375,910.16 | \$ 30,281,585.79 |
| 2032 | \$ 30,281,585.79 | \$ - | \$ 30,281,585.79 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,281,585.79 | \$ 1,441,403.48 | \$ 31,722,989.28 |
| 2033 | \$ 31,722,989.28 | \$ - | \$ 31,722,989.28 | \$ 6,300,000.00 | \$ - | \$ - | \$ - | \$ 7,421,078.31 | \$ 24,301,910.97 | \$ 1,156,770.96 | \$ 25,458,681.93 |
| 2034 | \$ 25,458,681.93 | \$ - | \$ 25,458,681.93 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,458,681.93 | \$ 1,211,833.26 | \$ 26,670,515.19 |
| 2035 | \$ 26,670,515.19 | \$ - | \$ 26,670,515.19 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 26,670,515.19 | \$ 1,269,516.52 | \$ 27,940,031.72 |
| 2036 | \$ 27,940,031.72 | \$ - | \$ 27,940,031.72 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,940,031.72 | \$ 1,329,945.51 | \$ 29,269,977.23 |
| 2037 | \$ 29,269,977.23 | \$ - | \$ 29,269,977.23 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,269,977.23 | \$ 1,393,250.92 | \$ 30,663,228.14 |
| 2038 | \$ 30,663,228.14 | \$ - | \$ 30,663,228.14 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,663,228.14 | \$ 1,459,569.66 | \$ 32,122,797.80 |
| 2039 | \$ 32,122,797.80 | \$ - | \$ 32,122,797.80 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,122,797.80 | \$ 1,529,045.18 | \$ 33,651,842.98 |
| 2040 | \$ 33,651,842.98 | \$ - | \$ 33,651,842.98 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 33,651,842.98 | \$ 1,601,827.73 | \$ 35,253,670.70 |
| 2041 | \$ 35,253,670.70 | \$ - | \$ 35,253,670.70 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,253,670.70 | \$ 1,678,074.73 | \$ 36,931,745.43 |
| 2042 | \$ 36,931,745.43 | \$ - | \$ 36,931,745.43 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,931,745.43 | \$ 1,757,951.08 | \$ 38,689,696.51 |
| 2043 | \$ 38,689,696.51 | \$ - | \$ 38,689,696.51 | \$ 4,950,000.00 | \$ - | \$ - | \$ - | \$ 6,766,936.27 | \$ 31,922,760.25 | \$ 1,519,523.39 | \$ 33,442,283.63 |
| 2044 | \$ 33,442,283.63 | \$ - | \$ 33,442,283.63 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 33,442,283.63 | \$ 1,591,852.70 | \$ 35,034,136.33 |
| 2045 | \$ 35,034,136.33 | \$ - | \$ 35,034,136.33 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,034,136.33 | \$ 1,667,624.89 | \$ 36,701,761.22 |
| 2046 | \$ 36,701,761.22 | \$ - | \$ 36,701,761.22 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,701,761.22 | \$ 1,747,003.83 | \$ 38,448,765.06 |
| 2047 | \$ 38,448,765.06 | \$ - | \$ 38,448,765.06 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 38,448,765.06 | \$ 1,830,161.22 | \$ 40,278,926.27 |
| 2048 | \$ 40,278,926.27 | \$ - | \$ 40,278,926.27 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,278,926.27 | \$ 1,917,276.89 | \$ |

Proposed Injection Wells PW-1, PW-2, PW-3, and PW-4
Financial Responsibility Demonstration for Pineywoods CCS Hub, Liberty and Hardin Counties, Texas

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------|----|---------------|---------------|---|----|---------------|---------------|---|----|----|------------|--------------|----|--------------|---------------|---------------|----|---------------|--------------|--------------|----|---------------|----------------|--|--|----|------------------|--|--|----|----------------|----|----------------|----|------------------|
| 2075 | \$ | 65,929,365.05 | \$ | - | \$ | 65,929,365.05 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | 6,736,500.00 | \$ | 17,395,117.70 | \$ | 48,534,247.35 | \$ | 2,310,230.17 | \$ | 50,844,477.52 | | | | | | | | | | | | | |
| 2076 | \$ | 50,844,477.52 | \$ | - | \$ | 50,844,477.52 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,603,823.14 | \$ | 48,240,654.38 | \$ | 2,296,255.15 | \$ | 50,536,909.53 | | | | | | | | | | | | | |
| 2077 | \$ | 50,536,909.53 | \$ | - | \$ | 50,536,909.53 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,642,880.48 | \$ | 47,894,029.05 | \$ | 2,279,755.78 | \$ | 50,173,784.83 | | | | | | | | | | | | | |
| 2078 | \$ | 50,173,784.83 | \$ | - | \$ | 50,173,784.83 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,682,523.69 | \$ | 47,491,261.14 | \$ | 2,260,584.03 | \$ | 49,751,845.17 | | | | | | | | | | | | | |
| 2079 | \$ | 49,751,845.17 | \$ | - | \$ | 49,751,845.17 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,722,761.55 | \$ | 47,029,083.62 | \$ | 2,238,584.38 | \$ | 49,267,668.01 | | | | | | | | | | | | | |
| 2080 | \$ | 49,267,668.01 | \$ | - | \$ | 49,267,668.01 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,763,602.97 | \$ | 46,504,065.04 | \$ | 2,213,593.50 | \$ | 48,717,658.53 | | | | | | | | | | | | | |
| 2081 | \$ | 48,717,658.53 | \$ | - | \$ | 48,717,658.53 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,805,057.01 | \$ | 45,912,601.52 | \$ | 2,185,439.83 | \$ | 48,098,041.35 | | | | | | | | | | | | | |
| 2082 | \$ | 48,098,041.35 | \$ | - | \$ | 48,098,041.35 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,847,132.87 | \$ | 45,250,908.48 | \$ | 2,153,943.24 | \$ | 47,404,851.73 | | | | | | | | | | | | | |
| 2083 | \$ | 47,404,851.73 | \$ | - | \$ | 47,404,851.73 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,889,839.86 | \$ | 44,515,011.86 | \$ | 2,118,914.56 | \$ | 46,633,926.43 | | | | | | | | | | | | | |
| 2084 | \$ | 46,633,926.43 | \$ | - | \$ | 46,633,926.43 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,933,187.46 | \$ | 43,700,738.97 | \$ | 2,080,155.17 | \$ | 45,780,894.14 | | | | | | | | | | | | | |
| 2085 | \$ | 45,780,894.14 | \$ | - | \$ | 45,780,894.14 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 2,977,185.27 | \$ | 42,803,708.87 | \$ | 2,037,456.54 | \$ | 44,841,165.41 | | | | | | | | | | | | | |
| 2086 | \$ | 44,841,165.41 | \$ | - | \$ | 44,841,165.41 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,021,843.05 | \$ | 41,819,322.36 | \$ | 1,990,599.74 | \$ | 43,809,922.11 | | | | | | | | | | | | | |
| 2087 | \$ | 43,809,922.11 | \$ | - | \$ | 43,809,922.11 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,067,170.70 | \$ | 40,742,751.41 | \$ | 1,939,354.97 | \$ | 42,682,106.38 | | | | | | | | | | | | | |
| 2088 | \$ | 42,682,106.38 | \$ | - | \$ | 42,682,106.38 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,113,178.26 | \$ | 39,568,928.12 | \$ | 1,883,480.98 | \$ | 41,452,409.10 | | | | | | | | | | | | | |
| 2089 | \$ | 41,452,409.10 | \$ | - | \$ | 41,452,409.10 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,159,875.93 | \$ | 38,292,533.17 | \$ | 1,822,724.58 | \$ | 40,115,257.75 | | | | | | | | | | | | | |
| 2090 | \$ | 40,115,257.75 | \$ | - | \$ | 40,115,257.75 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,207,274.07 | \$ | 36,907,983.68 | \$ | 1,756,820.02 | \$ | 38,664,803.70 | | | | | | | | | | | | | |
| 2091 | \$ | 38,664,803.70 | \$ | - | \$ | 38,664,803.70 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,255,383.18 | \$ | 35,409,420.52 | \$ | 1,685,488.42 | \$ | 37,094,908.93 | | | | | | | | | | | | | |
| 2092 | \$ | 37,094,908.93 | \$ | - | \$ | 37,094,908.93 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,304,213.93 | \$ | 33,790,695.01 | \$ | 1,608,437.08 | \$ | 35,399,132.09 | | | | | | | | | | | | | |
| 2093 | \$ | 35,399,132.09 | \$ | - | \$ | 35,399,132.09 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,353,777.14 | \$ | 32,045,354.95 | \$ | 1,525,358.90 | \$ | 33,570,713.85 | | | | | | | | | | | | | |
| 2094 | \$ | 33,570,713.85 | \$ | - | \$ | 33,570,713.85 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,404,083.79 | \$ | 30,166,630.05 | \$ | 1,435,931.59 | \$ | 31,602,561.64 | | | | | | | | | | | | | |
| 2095 | \$ | 31,602,561.64 | \$ | - | \$ | 31,602,561.64 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,455,145.05 | \$ | 28,147,416.59 | \$ | 1,339,817.03 | \$ | 29,487,233.62 | | | | | | | | | | | | | |
| 2096 | \$ | 29,487,233.62 | \$ | - | \$ | 29,487,233.62 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,506,972.23 | \$ | 25,980,261.39 | \$ | 1,236,660.44 | \$ | 27,216,921.83 | | | | | | | | | | | | | |
| 2097 | \$ | 27,216,921.83 | \$ | - | \$ | 27,216,921.83 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,559,576.81 | \$ | 23,657,345.02 | \$ | 1,126,089.62 | \$ | 24,783,434.65 | | | | | | | | | | | | | |
| 2098 | \$ | 24,783,434.65 | \$ | - | \$ | 24,783,434.65 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,612,970.46 | \$ | 21,170,464.18 | \$ | 1,007,714.10 | \$ | 22,178,178.28 | | | | | | | | | | | | | |
| 2099 | \$ | 22,178,178.28 | \$ | - | \$ | 22,178,178.28 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,667,165.02 | \$ | 18,511,013.26 | \$ | 881,124.23 | \$ | 19,392,137.49 | | | | | | | | | | | | | |
| 2100 | \$ | 19,392,137.49 | \$ | - | \$ | 19,392,137.49 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,722,172.50 | \$ | 15,669,964.99 | \$ | 745,890.33 | \$ | 16,415,855.33 | | | | | | | | | | | | | |
| 2101 | \$ | 16,415,855.33 | \$ | - | \$ | 16,415,855.33 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,778,005.08 | \$ | 12,637,850.25 | \$ | 601,561.67 | \$ | 13,239,411.92 | | | | | | | | | | | | | |
| 2102 | \$ | 13,239,411.92 | \$ | - | \$ | 13,239,411.92 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,834,675.16 | \$ | 9,404,736.76 | \$ | 447,665.47 | \$ | 9,852,402.23 | | | | | | | | | | | | | |
| 2103 | \$ | 9,852,402.23 | \$ | - | \$ | 9,852,402.23 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,892,195.29 | \$ | 5,960,206.94 | \$ | 283,705.85 | \$ | 6,243,912.79 | | | | | | | | | | | | | |
| 2104 | \$ | 6,243,912.79 | \$ | - | \$ | 6,243,912.79 | \$ | - | \$ | - | \$ | 1,165,320.00 | \$ | - | \$ | 3,950,578.22 | \$ | 2,293,334.58 | \$ | 109,162.73 | \$ | 2,402,497.30 | | | | | | | | | | | | | |
| | | \$ | 83,950,000.00 | | | \$ | 68,850,000.00 | | | \$ | 800,000.00 | | | \$ | 58,266,000.00 | | | \$ | 6,736,500.00 | | | \$ | 231,945,922.82 | | | \$ | 2,208,112,398.70 | | | \$ | 150,398,420.12 | | | \$ | 3,310,029,094.99 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | \$ | 134,652,500.00 | | |

Note: 4.760% 30-Year Treasury Yield (as of 10/2/23)

References

- EPA. 2011. “Geologic Sequestration of Carbon Dioxide: Underground Injection Control (UIC) Program Class VI Financial Responsibility Guidance”._ EPA 816-R-11-005. Accessed at: https://www.epa.gov/system/files/documents/2022-11/uicfinancialresponsibilityguidancefinal072011v_0.pdf
- Kuuskraa, V. A. and Godec, M. L. 2007. Remediation of Leakage from CO₂ Storage Reservoirs: IEA Greenhouse Gas R&D Programme (IEA GHG).

Attachment 1. Insurance Certificate



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/13/2023

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.

| | | | | |
|--|--|--|--|---------------|
| PRODUCER Aon Risk Services Central, Inc. Aon Risk Insurance Services Central, Inc Omaha NE Office CA License # 0004043 17807 Burke Street, Suite 401 Omaha NE 68118 USA | | CONTACT NAME: PHONE (A/C. No. Ext): (402) 697-1400 FAX (A/C. No.): (402) 697-1594 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: 10641043 | | |
| INSURED Pineywoods CCS, LLC 14302 FNB Parkway Omaha NE 68154-5212 USA | | INSURER(S) AFFORDING COVERAGE | | NAIC # |
| | | INSURER A: Travelers Property Cas Co of America | | 25674 |
| | | INSURER B: | | |
| | | INSURER C: | | |
| | | INSURER D: | | |
| | | INSURER E: | | |
| | | INSURER F: | | |

Holder Identifier :

COVERAGES

CERTIFICATE NUMBER: 570102237620

REVISION NUMBER:

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

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 | | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YYYY) | POLICY EXPIRATION DATE (MM/DD/YYYY) | COVERED PROPERTY | LIMITS | |
|----------|--------------------------|--|----------------|------------------------------------|-------------------------------------|---|-------------------|--|
| | <input type="checkbox"/> | PROPERTY | | | | <input type="checkbox"/> | BUILDING | |
| | <input type="checkbox"/> | CAUSES OF LOSS | | | | <input type="checkbox"/> | PERSONAL PROPERTY | |
| | <input type="checkbox"/> | DEDUCTIBLES | | | | <input type="checkbox"/> | BUSINESS INCOME | |
| | <input type="checkbox"/> | BASIC | | | | <input type="checkbox"/> | EXTRA EXPENSE | |
| | <input type="checkbox"/> | BROAD | | | | <input type="checkbox"/> | RENTAL VALUE | |
| | <input type="checkbox"/> | SPECIAL | | | | <input type="checkbox"/> | BLANKET BUILDING | |
| | <input type="checkbox"/> | EARTHQUAKE | | | | <input type="checkbox"/> | BLANKET PERS PROP | |
| | <input type="checkbox"/> | WIND | | | | <input type="checkbox"/> | BLANKET BLDG & PP | |
| | <input type="checkbox"/> | FLOOD | | | | <input type="checkbox"/> | | |
| | <input type="checkbox"/> | | | | | | | |
| | <input type="checkbox"/> | INLAND MARINE | TYPE OF POLICY | | | | | |
| | <input type="checkbox"/> | CAUSES OF LOSS | POLICY NUMBER | | | | | |
| | <input type="checkbox"/> | NAMED PERILS | | | | | | |
| | <input type="checkbox"/> | CRIME | | | | | | |
| | <input type="checkbox"/> | TYPE OF POLICY | | | | | | |
| | <input type="checkbox"/> | BOILER & MACHINERY / EQUIPMENT BREAKDOWN | | | | | | |
| | <input type="checkbox"/> | | | | | | | |
| A | | Control of Well | 16P68425 | 10/13/2023 | 10/13/2024 | <input checked="" type="checkbox"/> Control of Well | \$7,500,000 | |
| | | | | | | <input checked="" type="checkbox"/> Retention | \$150,000 | |

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

U.S. EPA Region 6
1201 Elm Street, Suite 500
Dallas TX 75270-2102 USA

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

Aon Risk Services Central, Inc.

CERTIFICATE NUMBER: 570102237620



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Attachment 2. Escrow Agreement

Escrow Agreement

This Escrow Agreement, dated October 16, 2023 is entered into by and between: The "Grantor," Pineywoods CCS, LLC, a Delaware limited liability company, and the "Escrow Agent," Computershare Trust Company, National Association, a national banking association organized under the laws of the United States. For purposes of this escrow agreement, Computershare Trust Company, National Association, shall also serve as the "Financial Institution".

The Grantor and the Escrow Agent are hereinafter collectively referred to as the "Parties".

Recitals

Whereas, on October 16, 2023 the United States Environmental Protection Agency, an agency of the United States Government (the "Agency"), received from the Grantor an individual Class VI Well Permit application for issuance of Class VI Permits for the wells listed on Exhibit B (collectively, "Permit");

Whereas, the Permit when issued will authorize the Grantor to operate a Class VI Well located in Liberty and Hardin Counties, Texas and to operate an injection well in accordance with the terms and conditions set forth therein;

Whereas, the Agency has established certain regulations applicable to the Grantor, requiring that an owner or operator of an injection well shall provide assurance that funds will be available when needed for corrective action, injection well plugging, post injection site care and site closure of the injection well;

Whereas, this Escrow Agreement is the Agency approved form of a financial assurance instrument that provides for injection well plugging, post injection site care and site closure of the injection well, as required by the Permit. This Escrow Agreement defines the terms and conditions under which an account containing the required funds will be held and disbursed (the "Escrow Account");

Whereas, the Escrow Agent agrees to accept, hold, and disburse the Escrow Account funds and the earnings thereon in accordance with the terms of this Escrow Agreement; and

Whereas, said Escrow Agent shall establish a standby trust fund as is required when an Escrow Account is used to provide such financial assurance.

Now, therefore, in consideration of the recitals above, the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Escrow Account

1. The Grantor shall deliver to the Escrow Agent \$1,000,000 on or before October 16, 2023, and thereafter five subsequent payments shall be delivered to the Escrow Agent in the amounts and when described in Exhibit A of this Escrow Agreement (such amount required to be on deposit from time to time in the Escrow Account, the "Required Escrow Amount.")
2. Within one business day of receipt of any deposit forming part of the Required Escrow Amount or additional funds pursuant to Paragraph 3 below, the Escrow Agent shall place the Required Escrow Amount in an interest bearing account (the "Escrow Account") at the Escrow Agent. All funds delivered by the Grantor to the Escrow Agent shall be deposited and held by the Escrow Agent in the Escrow Account.
3. The Escrow Account shall be opened with the signature of the Escrow Agent indicating that checks drawn against the Escrow Account shall be signed by the Escrow Agent and by no other persons. Disbursements shall be made from the Escrow Account only in accordance with the terms of this Agreement.
4. The Escrow Agent shall maintain a record of all deposits, income, disbursements, and other transactions concerning the Escrow Account.
5. The Escrow Agent shall keep in its possession all book(s) and records relating to the Escrow Account until such time as they are delivered to a successor Escrow or to the Grantor and the Agency pursuant to paragraph 21 below.

Disbursements

6. The Escrow Agent shall make disbursements of the Escrow Account funds including any accrued interest only as follows:
 - a. Three business days following receipt of written direction from the Agency stating that funds held in the Escrow Account are required to pay for corrective action, injection well plugging, post injection site care and site closure of the covered injection wells listed in Exhibit B, the Escrow Agent shall disburse such funds to the standby trust fund in the amount(s) identified, in accordance with the Agency's written direction for the fulfillment of corrective action, injection well plugging, post injection site care and site closure, obligations described at 40 CFR 146.84, 146.92, 146.93, and/or 146.94, respectively. Or, if an order is issued to begin injection well plugging, post injection site care and site closure by a U.S. district court or other court of competent jurisdiction, the Escrow Agent shall disburse such funds to the standby trust fund

within three business days after issuance of any such order. The Escrow Agent shall provide notice to the Grantor within two business days following receipt of any such written direction from the Agency or any such order, in each case accompanied by a copy of such written direction or order, as the case may be.

- b. The Escrow Agent shall disburse all funds in the Escrow Account to the Grantor within three business days of receipt of a joint written direction from the Agency and the Grantor that the Escrow Account funds are no longer required to fund the corrective action, injection well plugging, post injection site care and site closure, as required by the Permit, or within three business days of receipt of written notice from the Grantor stating that the Grantor has withdrawn its application for a Class VI UIC permit.

Duties and Liabilities of Escrow Agent

7. The Escrow Agent shall have no liability or obligation with respect to the Escrow Account funds except for the Escrow Agent's willful misconduct or gross negligence. The Escrow Agent shall be under no duty to: (a) pass upon the adequacy of any documents; (b) determine whether any of the Parties are complying with the terms and provisions of the Escrow Agreement; or (c) determine the identity or authority of any person purporting to be a signatory authorized by the Grantor or the Agency.

Escrow Agent's Fee

8. The Escrow Agent shall be entitled to compensation from the Grantor for its services under this Escrow Agreement in accordance with the attached fee schedule.

Investment Risk

9. Funds on deposit in the Escrow Account shall be invested in accordance with Section 2 of the Supplemental Agreement of even date herewith by and among the Parties. In no event shall the Escrow Agent have any liability as a result of any loss occasioned by the financial difficulty or failure of any institution, including the Financial Institution, or for failure of any banking institutions, including the Financial Institution, to follow the instructions of the Escrow Agent.

Notices

10. All notices, certifications, authorizations, request, or other communications permitted or

required shall be delivered as follows:

To the Grantor: Pineywoods CCS, LLC
c/o Tenaska, Inc.
14302 FNB Parkway
Omaha, NE 68154
Attention: Robert A. Ramaekers

and

Tenaska, Inc.
14302 FNB Parkway
Omaha, NE 68154
Attention: Legal Department

a. To the Agency: United States Environmental Protection Agency

US EPA, Region 6 (WDDG)
1201 Elm Street, Suite 500
Dallas, Texas 75270-2102

b. To the Escrow Agent: Computershare Trust Company, N.A.

CTO Mail Operations
Attn: Christy Magnuson
1505 Energy Park Drive
St. Paul, MN 55108

Telephone: 612-402-8919

E-mail: Christine.magnuson@computershare.com

11. The Escrow Agent shall annually, at least 30 days prior to the anniversary date of establishment of the account, furnish to the Grantor and to the Agency a statement confirming the value of the account. Any securities in the account shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the account. The failure of the Grantor to object in writing to the Escrow Agency within 90 days after the statement has been furnished to the Grantor and the Agency shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or

liability against the Escrow Agent with respect to matters disclosed in the statement.

Resignation, Removal, and Successor Escrow Agent

12. If, at any time, the Escrow Agent shall resign, be removed, be dissolved, or otherwise become incapable of acting, or the position of the Escrow Agent shall become vacant for any reason, the Parties shall promptly appoint a successor Escrow Agent.
13. The Escrow Agent may not cancel or terminate the Escrow Account or this Escrow Agreement unless there is a failure to pay service fees. The Escrow Agent should send notice of cancellation by certified mail to the Grantor and the Agency.
14. All interest income accrued on funds in the Escrow Account shall become part of the Escrow Account and shall remain in the Escrow Account. The Grantor shall be solely responsible for the payment of all federal and state taxes on accrued Escrow Account interest.

Miscellaneous

15. This Escrow Agreement and the Supplemental Agreement of even date herewith by and among the Parties constitutes the entire agreement between the Parties relating to the holding, investment, and disbursement of the Escrow Account funds.
16. The Escrow Agreement shall be binding upon, and shall inure to the benefit of the Parties hereto and their successors and assigns.

This Escrow Agreement shall be governed by and be construed and interpreted in accordance with the laws of Delaware without giving effect to the conflict of laws principles thereof. Any claims relating to EPA will be resolved under federal law including, but not limited to the Federal Tort Claims Act 28 U.S.C. 2671, 2680.
17. This Escrow Agreement may be executed in any number of counterparts each which shall constitute an original and all counterparts shall constitute one Agreement.
18. This Escrow Agreement may not be assigned, amended, altered, or modified except by written instrument duly executed by all of the Parties, with the concurrence of the UIC Program Director, or by the Escrow Agent and the appropriate Director if the Grantor ceases to exist.
19. This Escrow Agreement shall terminate, and the Escrow Agent shall be relieved of all liability to the Grantor after: (a) all funds in the Escrow Account have been properly disbursed in accordance with the terms and conditions of this agreement; (b) the Escrow Agent has provided a final accounting of all transactions hereunder to the Parties; and (c) a

copy of all books and records relating to the Escrow Account has been delivered to the Grantor, and, if requested, to the Agency. EPA does not indemnify either the Grantor or the Escrow Agent due to the restrictions imposed by the Anti-Deficiency Act, 31 U.S.C. 1341

20. This Agreement shall take effect on the latest date of execution by the Grantor and Escrow Agent.

In witness whereof, the Parties have caused this Escrow Agreement to be duly executed as set forth below.

GRANTOR:

PINEYWOODS CCS, LLC

By: 

Name: Robert A. Ramackers

Title: Vice President

Executed on: October 16, 2023

ESCROW AGENT:

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION

By: _____

Name: _____

Title:

Executed on: _____, 2023

In witness whereof, the Parties have caused this Escrow Agreement to be duly executed as set forth below.

GRANTOR:

PINEYWOODS CCS, LLC

By: _____

Name: Robert A. Ramaekers

Title: Vice President

Executed on: October 13, 2023

ESCROW AGENT:

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION

By:  _____

Name: Brent Jordahl

Title: Vice President

Executed on: October 13, 2023

EXHIBIT A

Grantor agrees to fund the account with follow-on payments pursuant to the following schedule:

- Payment 1: \$1,000,000 upon application.
- Payment 2: \$2,000,000 within 30 days of the anniversary date of Payment 1
- Payment 3: \$37,000,000 within 30 days of the permit to construct, but no later than 30 days prior to start of construction
- Payment 4: \$14,650,000 within 30 days of permit to inject, but no later than 30 days prior to initial injection
- Payment 5: \$14,650,000 within 30 days of the anniversary date of Payment 4, but no later than 30 days prior to initial injection
- Payment 6: \$14,650,000 within 30 days of the anniversary date of Payment 5, but no later than 30 days prior to initial injection

EXHIBIT B

List of Injection Wells Covered by this escrow agreement:

- 1) Pinewoods CCS Hub Injection Well PW-1
- 2) Pinewoods CCS Hub Injection Well PW-2
- 3) Pinewoods CCS Hub Injection Well PW-3
- 4) Pinewoods CCS Hub Injection Well PW-4

EXHIBIT C

Pineywoods CCS, LLC / United States Environmental Protection Agency Regulatory Escrow Account

| | |
|--|---------------|
| Acceptance Fee | Waived |
| A one-time fee for our initial review of governing documents, account set-up, and customary duties and responsibilities related to the closing. This fee is payable at execution of this agreement. | |
| Annual Administration Fee | \$4,000 |
| An annual fee for customary administrative services provided by the escrow agent, including daily routine account management, cash management transactions processing (including wire and check processing), disbursement of funds in accordance with the agreement, tax reporting for one entity, and providing account statements to the parties. The administration fee is payable annually in advance per escrow account established. The first installment of the administrative fee is payable at execution of this agreement. | |
| Escrow Agreement Amendment Fee (if applicable) | \$1,500 |
| Out-of-Pocket Expenses | At cost |
| Out-of-pocket expenses will be billed at cost at the sole discretion of Computershare. | |
| Extraordinary Services | Standard rate |
| The charges for performing services not contemplated at the time of execution of the governing documents or not specifically covered elsewhere in this schedule will be at Computershare's rates for such services in effect at the time the activity occurs. Agreement amendments and the review of complex tax forms, including by way of example but not limited to, IRS Form W-8IMY, may be considered extraordinary services. | |

Assumptions

This proposal is based upon the below assumptions with respect to the role of escrow agent.

- Number of escrow accounts to be established: One (1)
- Number of tax reporting parties: One (1)
- Number of parties to the transaction: Three (3), including the escrow agent
- Number of cash transactions (deposits or disbursements): Five (5) deposits / up to Five (5) disbursements
- Fees quoted assume all transaction account balances will be held in a non-interest bearing deposit or invested in select Computershare Trust Company, N.A. deposit options, or invested in money market mutual funds currently available on Computershare's sweep platform.
- Disbursements shall be made only to the parties specified in the agreement. Any payments to other parties are at the sole discretion and subject to the requirements of Computershare and shall be considered extraordinary services.
- Computershare reserves the right in its sole discretion to impose a deposit sweep fee on the average balance in the accounts over the preceding month. This balance will be calculated on interest bearing deposits and non-interest bearing deposits held with Computershare Trust Company, N.A. subject to contractual arrangements.

Terms and Conditions

- The recipient acknowledges and agrees that this proposal does not commit or bind Computershare to enter into a contract or any other business arrangement, and that acceptance of the appointment described in this proposal is expressly conditioned on all the following:
 - Compliance with the requirements of the USA Patriot Act of 2001, described below
 - Satisfactory completion of Computershare's internal account acceptance procedures
 - Computershare's review of all applicable governing documents and its confirmation that all terms and conditions pertaining to its role are satisfactory to it
 - Execution of the governing documents by all applicable parties.
- Should this transaction fail to close or if Computershare determines not to participate in the transaction, any acceptance fee and any legal fees and expenses shall be due and payable.
- Legal counsel fees and expenses, any acceptance fee and any first year annual administrative fee are payable at execution of this agreement.
- Any annual fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.
- Should any of the assumptions, duties or responsibilities of Computershare change, Computershare reserves the right to affirm, modify, or rescind this proposal.
- The fees described in this proposal are subject to periodic review and adjustment by Computershare.
- Invoices outstanding for over 30 days are subject to a 1.5% per month late payment penalty.
- This fee proposal is good for 90 days.

Important Information about Identifying Our Customer

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person (individual, corporation, partnership, trust, estate, or other entity recognized as a legal person) for whom we open an account.

What this means for you: Before we open an account, Computershare asks for your name, address, date of birth (for individuals), TIN or EIN or other information that allows for identification of you or your company. For individuals, this could mean providing a Social Security number. For a corporation, partnership, trust, estate, or other entity recognized as a legal person, this could mean identifying documents such as a Certificate of Formation from the issuing state agency.

Statement of Confidentiality

All of the information contained in or related to this fee proposal is confidential and proprietary to Computershare (the "Confidential Information"). The recipients of any Confidential Information acknowledges and agrees that such information shall be held in strict confidence and shall not be disclosed, duplicated, or used, in whole or in part, for any purpose other than the evaluation of Computershare's qualifications for the applicable roles described without the prior written consent of Computershare.

Date: September 15, 2023