

Plan revision number: Revision 2  
Plan revision date: December 2024

## 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: **Claimed as PBI**  
501 Westlake Park Blvd., Houston, Texas 77079  
**Claimed as PBI**

Well Location: Jasper County, TX

**Claimed as PBI**

## 2 INTRODUCTION

On October 27, 2023, BP Carbon Solutions LLC (BP) submitted Revision 1 of this section of the Class VI application for the Jasper County Storage Facility (Site), and the application was deemed administratively complete on November 22, 2023. In this Revision 2, the Financial Assurance Demonstration has been updated to refine cost estimates based on revised project assumptions. Additionally, the Area of Review (AoR) model has been updated to incorporate additional appraisal and offset well data, providing an enhanced understanding of the subsurface. These updates are expected to reduce project risk by moving away from known faults within the AoR, minimizing the AoR extent, optimizing injection well operations, and reducing interactions with legacy wells.

BP intends to sequester carbon dioxide (CO<sub>2</sub>) **Claimed as PBI**

**Claimed as PBI** is estimated to be stored at the Site during the injection period. The calculations and supporting documentation for injection rates and volume are provided in **Appendix B** (Area of Review and Corrective Action Plan).

The Site will include **Claimed as PBI**

**Claimed as PBI** and infrastructure related to its construction, operations, and post-injection site care (PISC) and closure.

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BP is providing financial responsibility pursuant to 40 CFR 146.85 for the Site. In accordance with 40 CFR 146.85(a)(1), BP intends to secure multiple surety bonds for costs associated with all required phases of the permit. The cost estimates in this document are current as of December 10, 2024. See **Attachment 1** (Example Surety Bond Form) for an example surety bond form.

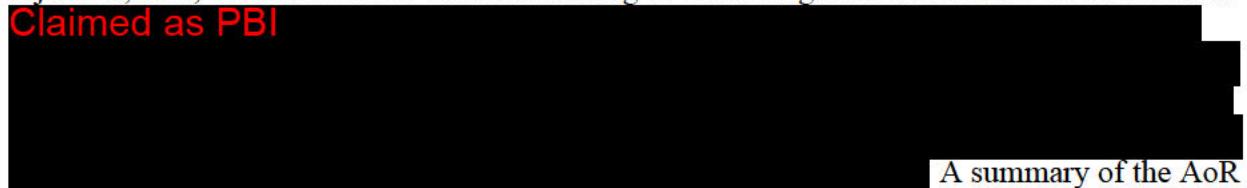
### 3 COST ESTIMATES

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 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

The estimated costs in this section cover the periodic reevaluation of the AoR and the identification and remediation of identified wells that may require corrective action in the future. For purposes of the cost estimate, a reevaluation of the AoR would occur every five years after commencement of injection and throughout the 50-year post-injection period. Currently, all identified wells within the AoR that require corrective action will be remediated prior to injection; thus, costs associated with remediating or evaluating those wells have been excluded.

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A summary of the AoR

and Corrective Action cost estimate is provided below in **Table 1** (Cost Estimate for AoR and Corrective Action). Detailed cost estimates are provided in Tables 1a (Cost Estimate for AoR Modeling) and 1b (Cost Estimate for Well Evaluation).

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## 3.2 Injection Well Plugging

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

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

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A summary of the injection well flushing and MIT cost estimate and plugging cost estimate is provided below in **Table 2** (Cost Estimate for Injection Well Plugging). Detailed cost estimates are provided in Tables 2a through 2f.

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## **3.3 Post-Injection Site Care and Site Closure**

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### **3.3.1 PISC**

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

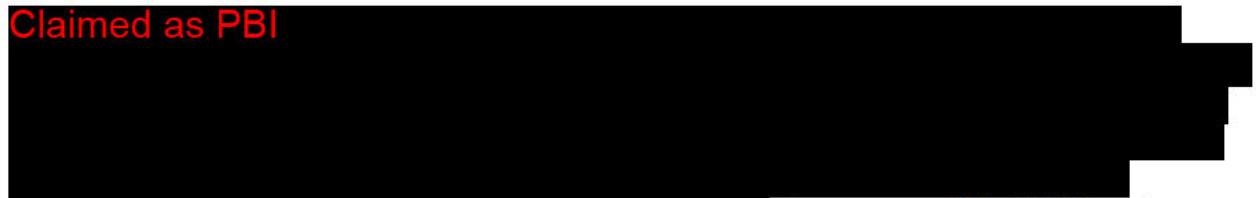
- Geochemical Sampling and Pressure Monitoring; and

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- Geophysical Monitoring.

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A summary of the PISC cost estimate is provided below in **Table 3** (Cost Estimates for PISC). Detailed cost estimates are provided in Tables 3a through 3c.

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# Claimed as PBI

### 3.3.2 Site Closure

Site closure has been broken down into two categories:

Demonstration of Non-Endangerment; and

- Plugging Monitoring Wells.

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A summary of the Site Closure cost estimate is provided below in **Table 4** (Cost Estimates for Site Closure). Detailed cost estimates are provided in Tables 4a through 4e.

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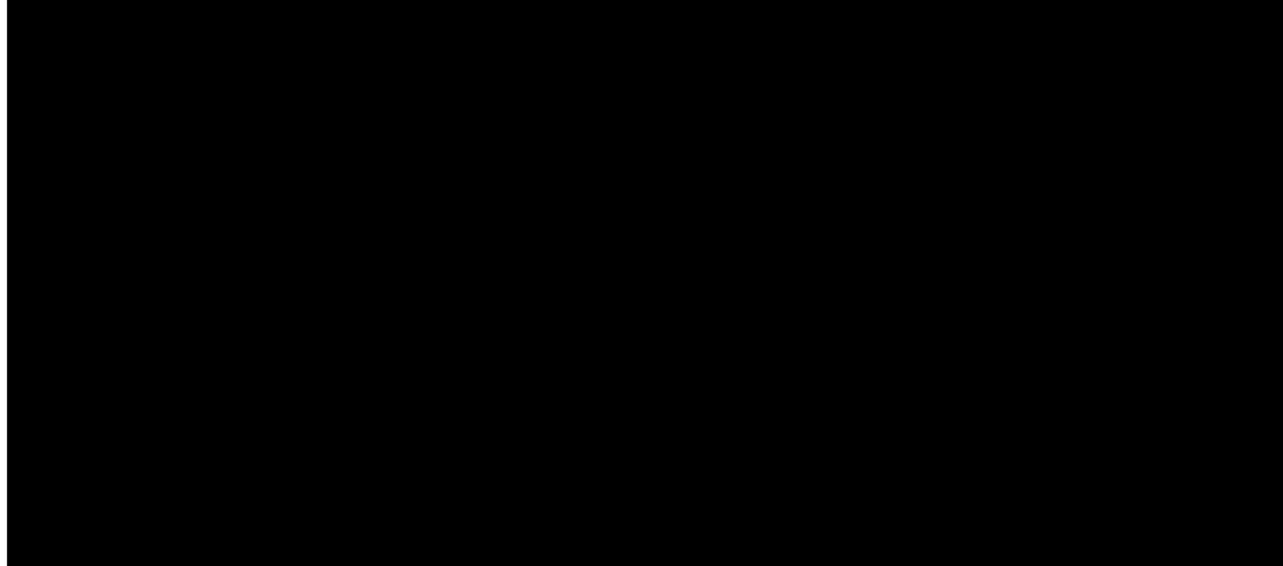
### **3.4 Emergency and Remedial Response**

BP engaged **Claimed as PBI** to evaluate the relevant risks, scenarios, and associated costs of emergency and remedial response.

**Claimed as PBI** developed a probabilistic model to assist in the identification and ranking of the low probability releases that could contribute to emergency and remedial response actions. BP conducted plume modeling and risk assessment activities to identify the risk factors of concern, such as seepage to an underground source of drinking water (USDW) from legacy wells and lateral egression below the primary seal to a fault. **Claimed as PBI**



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### **3.5 Total Cost Estimate**

The estimated costs of the activities to be covered by financial responsibility are summarized in **Table 6** (Cost Estimates for Activities to be Covered by Financial Responsibility).

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## 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 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.

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**ATTACHMENT 1**  
**EXAMPLE SURETY BOND FORM**

*I. Financial Guarantee Surety Bond*

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]<sup>19</sup>

Corporate Surety(ies)

[Name and address]

State of incorporation:

Liability limit: \$

[Signature(s)]

[Name(s) and title(s)]

[Corporate seal]<sup>17</sup>

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

Bond premium: \$

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<sup>19</sup> A corporate seal is only recommended if the company has a corporate seal.

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**ATTACHMENT 2**  
**PISC MONITORING COST ESTIMATE**

**Claimed as PBI**

**Claimed as PBI**