

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

**Bluebonnet Sequestration Hub**

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**1.0 Facility Information**

Facility name: Bluebonnet Sequestration Hub, LLC (Bluebonnet Hub or the Project)  
Bluebonnet CCS 1, Bluebonnet CCS 2, and Bluebonnet CCS 3,  
Bluebonnet CCS 5, Bluebonnet CCS 6, and Bluebonnet CCS 7 Wells

Facility contacts: **Claimed as PBI**, Project Manager  
5 Greenway Plaza Houston, TX 77046  
**Claimed as PBI**

Well location: Chambers County, Texas

| Well Name        | Latitude (NAD27)      | Longitude (NAD27)     |
|------------------|-----------------------|-----------------------|
| Bluebonnet CCS 1 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |
| Bluebonnet CCS 2 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |
| Bluebonnet CCS 3 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |
| Bluebonnet CCS 5 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |
| Bluebonnet CCS 6 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |
| Bluebonnet CCS 7 | <b>Claimed as PBI</b> | <b>Claimed as PBI</b> |

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 Bluebonnet Sequestration Hub, LLC.

## **2.0 Activities Requiring Financial Assurance**

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

**Table FA-1: List of project activities that require financial assurance.**

| <b>Activity</b>                         | <b>Period of Performance</b>        |
|---|-------------------------------------|
| Performing corrective action            | As needed                           |
| Plugging CO <sub>2</sub> injector wells | One time                            |
| Post-injection site care                | Throughout the post-injection phase |
| Site closure                            | At closure                          |
| Emergency/remedial response             | As needed                           |

## **3.0 Instruments to Meet Financial Responsibility**

Bluebonnet Sequestration Hub, LLC has reviewed the extensive guidance, research, and analysis documents published by the EPA and proposes to utilize a letter of credit to demonstrate financial responsibility for all activities requiring financial assurance. The **Claimed as PBI** will be issued by a **Claimed as PBI**

**Claimed as PBI** will 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. Bluebonnet Sequestration Hub, LLC will establish a standby trust fund in accordance with EPA's guidance to receive any funding necessary to address the cost of covered activities. Bluebonnet Sequestration Hub, LLC may change the instrument(s) used to demonstrate financial assurance in accordance with 40 CFR 146.85.

## **4.0 Cost Estimate for Activities Covered by Financial Responsibility**

The Bluebonnet Sequestration Hub, LLC will provide financial assurance sufficient to cover the costs identified in Table FA-2. Costs are to be in 2024 U.S. dollars. A detailed cost estimate is included in Appendix A.

**Table FA-2: Cost estimate for activities covered by financial assurance.**

| Activity                     | USD            |
|------------------------------|----------------|
| Performing corrective action | Claimed as PBI |
| Plugging injection wells     | Claimed as PBI |
| Post-injection site care     | Claimed as PBI |
| Site closure                 | Claimed as PBI |
| Emergency/remedial response  | Claimed as PBI |
| Total                        | Claimed as PBI |

Note: The Bluebonnet Sequestration Hub, LLC will be performing corrective actions in the legacy wells before starting injection in the site.

#### ***4.1 Corrective Action***

Twenty-five wells within the Area of Review (AoR) were determined to require corrective actions. Bluebonnet Hub will conduct corrective action on sixteen of these wells before the start of injection. And the additional nine wells will be repaired as per schedule presented in the AoR attachment.

#### ***4.2 Plugging Injection Wells***

Details of the well plugging plan are found in the Plugging Plan document of this permit. CO<sub>2</sub> injection wells will be plugged and abandoned when injection cease in the site.

#### ***4.3 Post-Injection Site Care***

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. 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.

#### ***4.4 Site Closure***

Details of the site closure plan are found in the Post Injection Site Care and Site Closure Plan document of this permit. Site closure costs include plugging monitoring wells and demonstration of non-endangerment to USDW.

#### ***4.5 Emergency and Remedial Response***

Details of the emergency and remedial response plan are found in the Emergency and Remedial Response plan document of this permit. Costs include activities required in response to endangerment of the USDW. This cost was estimated based on statistics analysis and will be refined.

The instrument values to be included in this document will be based upon cost estimates by the Bluebonnet Sequestration Hub, LLC 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. The Bluebonnet Sequestration Hub, LLC will adjust the value of the financial instruments prior to securing them.

## **Appendix A: Detail Cost Estimations for Financial Assurance**

### a) Plugging and Abandonment Costs:

**Table FA-3: Cost estimate for plugging per well type.**

|                           | CO <sub>2</sub> Injector | In-Zone Monitoring | Water Production |
|---------------------------|--------------------------|--------------------|------------------|
| Description/Cost per Well | \$                       | \$                 | \$               |
| <b>Claimed as PBI</b>     |                          |                    |                  |
|                           |                          |                    |                  |
|                           |                          |                    |                  |
|                           |                          |                    |                  |
|                           |                          |                    |                  |
| Cost per Well \$          |                          |                    |                  |

**Table FA-4: Cost estimate for plugging and abandonment operations in CO<sub>2</sub> Injector Wells.**

| Description                   | Qty                   | Unitary Cost \$ | Total Estimated \$ |
|-------------------------------|-----------------------|-----------------|--------------------|
| CO <sub>2</sub> Injector Well | <b>Claimed as PBI</b> |                 |                    |
| Sub-Total \$                  |                       |                 |                    |

b) Post Injection Site Care

**Table FA-5: Cost estimate for post injection site care.**

| Description    | Total Estimated \$ |
|----------------|--------------------|
| Claimed as PBI |                    |
| Total \$       | Claimed as PBI     |

c) Site Closure

**Table FA-6: Cost estimate for site closure.**

| Description                            | Total Estimated \$ |
|--|--------------------|
| Plugging Monitoring Wells              | Claimed as PBI     |
| Facilities Closure                     | Claimed as PBI     |
| Assessment of non-endangerment to USDW | Claimed as PBI     |
| Total \$                               | Claimed as PBI     |

d) Emergency Remedial and Response Plan

**Table FA-7: Cost estimate for emergency remedial and response plan.**

| Description | Total Estimated \$ |
|-------------|--------------------|
| Total \$    | Claimed as PBI     |

- e) Facilities Closure Cost
- f)

**Table FA-8: Cost estimate for emergency remedial and response plan.**

| Remove & Remediate Cost | Total Cost     |
|-------------------------|----------------|
| Type                    | MMS            |
| Phase 1 PISC (\$)       | Claimed as PBI |
| Claimed as PBI          |                |
| Phase 2 PISC (\$)       | Claimed as PBI |
| Claimed as PBI          |                |
| Total \$                | Claimed as PBI |

g) Legacy Well Remediation Cost

**Table FA-9: Cost estimate for emergency remedial and response plan.**

| Description      | Remediation Legacy Wells |
|------------------|--------------------------|
|                  | Estimate Cost \$         |
| Claimed as PBI   |                          |
| Cost per Well \$ | Claimed as PBI           |