

3 CLASS VI FINANCIAL RESPONSIBILITY

40 CFR 146.85

TULARE COUNTY CARBON STORAGE PROJECT (TCCSP)

Facility Information

Facility (site) Name: Tulare County Carbon Storage Project (TCCSP)

Facility Operator: TCCSP, LLC.

Facility Contact:

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

Project Location: [REDACTED] Tulare County, California

Injection Well Name and Coordinates:

Well Name	Latitude	Longitude
TCCSP_INJ-1	[REDACTED]	[REDACTED]
TCCSP_INJ-2	[REDACTED]	[REDACTED]

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3.1. Financial Responsibility Overview

Pursuant to 40 CFR 146.85, TCCSP, LLC. has prepared this **Financial Responsibility** document which describes the cost of covering corrective action, emergency response, post-injection monitoring, injection well conversion, and site closure activities that will be conducted as part of its Tulare County Carbon Storage Project (TCCSP). This document also describes TCCSP, LLC.'s approach to securing the adequate and appropriate financial instruments required to cover the expenses outlined herein.

3.2. Estimated Costs

TCCSP, LLC. has examined all water supply and oil and gas wells within the surface area of the storage complex (see section 2.5.1 of the **AoR and Corrective Action Plan**). Subsequently, TCCSP, LLC. determined that there is [REDACTED] in the proposed project Area of Review (AoR) that penetrates the storage complex and requires corrective action, [REDACTED] (see section 2.5.1 of the **AoR and Corrective Action Plan**). **Table 3-1** lists the anticipated costs of conducting the following activities at TCCSP:

- Corrective action on [REDACTED] and Corrective Action Plan periodic review
- Conversion and plugging of the injection wells
- Post-injection site care activities
- Site closure
- Emergency and remedial response

TCCSP, LLC. has outlined the following key assumptions to determine cost basis:

- All injection wells are [REDACTED] post-injection.
- Corrective action is conducted on the Hesse #1 well within the AoR, and the **Corrective Action Plan** is reviewed at least once every five years during the PISC period.
- Post-injection activities include monitoring as outlined in section 9.4 of the **Post-Injection Site Care and Site Closure Plan** for a period of [REDACTED] after cessation of injection, any well maintenance/upkeep, AoR reevaluations as required, and monitoring facilities/personnel costs.
- Site closure entails plugging and abandonment of project wells as outlined in the **Injection Well Plugging Plan** and restoring well sites.
- Emergency and remedial response includes costs to cover for an unmitigated leak from a project well which includes cost of
 - Isolating the leak
 - Controlling the leaky project well
 - Plugging the leaky project well
 - Safely disposing any produced fluids
 - Drilling a relief well
 - Conducting groundwater contamination remediation
 - Drilling an additional in-zone monitoring well
 - Drilling and additional above-zone monitoring well
- Costs were assessed based on vendor quotes and estimates in 2025.

- Cost of emergency and remedial response was estimated to occur at the end of injection when the buildup in reservoir pressure and consequent risk of leakage is the highest.

Table 3-1. Financial Responsibility Costs Estimated for TCCSP (in 2024 Dollars).

Cost Item	Estimated Cost	Financial Instrument Type	Product
Corrective Action			
Injection Well Plugging			
Injection Well Conversion			
Post-Injection Site Care			
Site Closure and Monitoring Well Plugging			
Emergency and Remedial Response			
Total			

The costs estimated in **Table 3-1** were generated based on actual quotes and feedback from vendors for comparable projects as well as technical data available during the permit application development process. These costs are also projected to cover the cost of employing relevant independent third-party contractors to perform the services or procurement of requisite goods. The estimates also reflect TCCSP, LLC.'s best judgment about the level of effort required to complete all activities covered under 40 CFR 146.85.

Although TCCSP, LLC. [REDACTED] per 40 CFR 146.85(a)(2)(ii), the well plugging estimate in **Table 3-1** reflects the cost to plug the injection wells. The site closure and monitoring well plugging cost does not include injection well plugging. For emergency and remedial response, the estimated groundwater remediation costs account for [REDACTED]

These costs will be continually evaluated during project development, construction, operations and prior to closure. If there are changes to the projected costs listed here based on project design, vendor feedback or nature of covering instruments, TCCSP, LLC. will reevaluate the value of the financial instruments and will promptly provide any updated costs and financial instrument coverages to the U.S. EPA Region 09 UIC Director for approval.

3.3. Financial Instruments

TCCSP, LLC. proposes to utilize [REDACTED] to cover the activities listed in **Table 3-1**. TCCSP, LLC. is working with [REDACTED] to identify suitable [REDACTED] the meet requirements listed under 40 CFR 146.85(a)(6)(ii). TCCSP, LLC. will provide requisite documentation establishing coverage for this instrument to the U.S. EPA Region 09 UIC Program Director prior to obtaining approval for construction of the TCCSP_INJ-1 and TCCSP_INJ-2 wells.

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TCCSP, LLC. will utilize a ██████████ instrument to cover the cost of all phases including Corrective Action, Injection Well Conversion Post-Injection, Post-Injection Site Care, Site Closure and Well Plugging, and Emergency and Remedial Response throughout the life of the geologic sequestration project. The ██████████ will seek to cover no less than ██████████ for the costs shown in **Table 3-1**. ██████████ will be periodically reassessed and adjusted to account for inflation that could increase the cost of materials and services to implement the appropriate cost items. ██████████ will also factor lowering or exacerbation of subsurface risks based on additional data acquired prior to, during, and after CO₂ injection. ██████████ will cover the TCCSP_INJ-1 and TCCSP_INJ-2 injection wells and comply with financial responsibility requirements set forth in 40 CFR 146.85(a)(6)(vii). The ██████████ for TCCSP will also explicitly cover activities listed in 40 CFR 146.94 (b).

As noted in **Table 3-1**, insurance products that cover activities listed under 40 CFR 146.85 are divided into two categories:

██████████

This instrument will cover any corrective action costs and emergency and remedial response costs that are incurred on the project. Under this instrument, the cost to ██████████ ██████████ and costs associated with periodically reviewing the AoR, especially when new data becomes available or project design is updated, will be covered under this instrument. Any costs incurred as part of emergency and remedial response as described in **section 3.2** will also be covered under this instrument. The total insured value of this instrument is ██████████

██████████

This instrument will cover the cost of ██████████, cost of conducting a post-injection site care testing and monitoring program outlined in **section 9.4 of the Post-Injection Site Care and Site Closure Plan** for a period of ██████████ after cessation of injection, and closing the project site including plugging project wells and reclaiming pad locations. TCCSP, LLC. will work with ██████████ to ensure ██████████ for the project will comply with requirements established in 40 CFR 146.85(a)(6)(ii). TCCSP, LLC. will work with ██████████ to enable U.S. EPA Region 09 as a party (obligee) of the agreement between the ██████████. The total value covered by the bond will not exceed ██████████.

Please refer to the letter of intent provided by ██████████ confirming that the coverage requested for this project qualifies for coverage under their current market conditions with several third-party providers expressing interest. TCCSP, LLC. will finalize the details of the third-party carries and provide detailed information on their financial strength and commitment to covering the face value listed in this document prior to receiving a permit for construction of the injection wells.

3.4. Liability

TCCSP, LLC. will assume financial responsibility and liability for the costs listed in **Table 3-1** until the end of the PISC period.

During the active life of the project, TCCSP, LLC. will periodically reevaluate the costs listed in **Table 3-1**. Under the circumstances where changes occur in the project and consequent amendments to relevant project plans are approved by the Director, TCCSP, LLC. will revise the cost estimates for financial responsibility. Applicable project plans include:

- Corrective Action Plan
- Injection Well Plugging and Abandonment Plan
- Post-Injection Site Care and Site Closure Plan
- Emergency and Remedial Response Plan

The revised cost will be adjusted for inflation.

3.5. References

- [1] U.S. Environmental Protection Agency. “Geologic Sequestration of Carbon Dioxide: Underground Injection Control (UIC) Program Class VI Financial Responsibility Guidance,” July 2011, EPA 816-R-11-005.