

Financial Assurance Demonstration
40 CFR 146.82(a)(14), 146.85,
AAC 400-8-1-.15(2)(m), 400-8-1-.26(16), 400-8-1-.29
PINE HILLS ALABAMA REGIONAL CO₂ STORAGE HUB

Reliant Southwest Alabama Storage, LLC



February 2026

REVISION HISTORY

Document Version	Description	Dated
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Facility Information

Facility Name: Pine Hills Sequestration Hub (PHSH)

Facility Operator: Reliant Southwest Alabama Storage, LLC (Reliant)

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List of Abbreviations and Acronyms

40 CFR	Title 40 of the Code of Federal Regulations
AAC	Alabama Administrative Code
AoR	Area of Review
CO ₂	Carbon dioxide
EPA	Environmental Protection Agency
ERRP	Emergency and Remedial Response
FA	Financial Assurance
mit	Feet
P&A	Plugged and Abandoned
PHSH	Pine Hills Sequestration Hub
PIA	Post-Injection Activities
PISC	Post-Injection Site Care
Reliant	Reliant Southwest Alabama Storage, LLC
TBD	To Be Decided
UIC	Underground Injection Control

3. FINANCIAL ASSURANCE DEMONSTRATION

3.1. EXECUTIVE SUMMARY

The **Financial Assurance Demonstration** describes how Reliant Southwest Alabama Storage, LLC (Reliant) will demonstrate Financial Assurance (FA) of the Pine Hills Sequestration Hub (PHSH) site, pursuant to Title 40 of the Code of Federal Regulations (40 CFR) 146.85 and Alabama Administrative Code (AAC) 400-8-1-.29, for the period after injection, through Post-Injection Site Care (PISC), and Site Closure. Reliant has prepared this document to summarize its project activities, as well as financial instruments, that it proposes to use to demonstrate FA for the following Post-Injection Activities (PIA): (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 FA instrument(s) must be sufficient to address endangerment of underground sources of drinking water at the geological sequestration site.

Reliant intends to use an Escrow Account to demonstrate FA for all PIAs for the PHS in Covington County, Alabama.

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

3.2. ESTIMATED COVERAGE AMOUNTS

To determine the costs for the coverage amounts underpinning this FA Demonstration, Reliant used currently available price quotes and assumed the hiring of independent, third-party contractors for each PIA activity.

Reliant has used the following assumptions to estimate costs for FA at the PHS in Covington County, Alabama:

- Claimed as PBI [REDACTED]
- Claimed as PBI [REDACTED]
- Post-injection activities include monitoring as outlined in **Section 9.5 Post-Injection Site Care and Site Closure Plan** for [REDACTED] years after cessation of injection. The cost estimate includes well maintenance and upkeep, Area of Review (AoR) reevaluations as required, and monitoring facilities and personnel costs.
- Site closure begins during the year following the ending of PISC. Site closure entails plugging and abandoning all project wells, as outlined in the **Injection Well Plugging Plan** and **Post-Injection Site Care and Site Closure Plan** and restoring all well sites to their original conditions.
- The Emergency and Remedial Response Plan (ERRP) is assumed to occur during CO₂ injection or shortly after injection ceases when the buildup in reservoir pressure and consequent risk of leakage is the highest. The costs for ERRP 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 of any produced fluids,
 - Converting an above-zone monitor well to an above-zone pressure barrier well,
 - Remediating the leaky project well, and
 - After remediating the leaking well, reconverting the above-zone pressure barrier well back to an above-zone monitoring well
- Costs are based on vendor quotes and estimates, in 2025 dollars.

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3.3. DISCUSSION OF FINANCIAL RESPONSIBILITY ACTIVITIES AND COST ESTIMATES

3.3.1. Corrective Action

As discussed in the **AoR and Corrective Action Plan**, Reliant has currently determined that Claimed as PBI in the proposed AoR penetrate the storage interval or the primary confining unit. Reliant plans to evaluate and remediate all penetrating wells that were not adequately sealed to prevent CO₂ leakage. Reliant will remediate any wells deemed to have inadequate seals with capital expenditure during the PHS construction. In determining if Corrective Action is needed, Reliant bases its determination on an examination of the wells

(e.g., oil and gas, saltwater disposal, wastewater injection) currently residing within the AoR that penetrates the storage intervals or the primary confining unit.

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Note that this estimate is separate from planned well remediation of historical oil/gas wells penetrating the caprock. The average estimated cost to remediate legacy wells in the AoR is

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3.3.2. Injection Well Plugging

In estimating its Financial Responsibility coverage values for injection well plugging, Reliant assumes that [REDACTED] will first be converted to in-zone monitoring wells after CO₂ injection stops and that these [REDACTED] wells will monitor pressure throughout the PISC. Reliant anticipates that these converted injection wells will be plugged at the conclusion of the PISC. The [REDACTED]

[REDACTED] Injection well plugging is detailed in the **Injection Well Plugging Plan**. Information on the costs for plugging and abandoning wells is available from industry sources. Based on current information, the initial injection well plugging and abandonment costs are estimated to total [REDACTED]. See **Table 3-3** for details.

3.3.3. Post-Injection Site Care (PISC)

Reliant's activities during the PISC period are detailed in its **Post-Injection Site Care and Site Closure Plan**. The activities include monitoring for 50 years once injection ceases, ongoing well maintenance, periodic reevaluation of the AoRs, maintenance of associated facilities, and field personnel costs. Reliant anticipates that the PISC activity will begin in [REDACTED], after injection ceases, and continue through [REDACTED]. The total FA cost estimate for PISC is [REDACTED] (in Year 2025 dollars), based on industry estimates and independent, third-party engineering data. See **Table 3-3** for details.

3.3.4. Site Closure

Per 40 CFR 146.93[d] through [h] and AAC 400-8-1-.54, well sites will be remediated to a condition agreed upon with the Director as close to pre-injection conditions as possible. The remaining converted injection wells and monitoring wells must be securely plugged and abandoned (P&A). For an overview of the general steps Reliant will take to close the PHS site, please refer to the **Post-Injection Site Care and Site Closure Plan**. Please refer to the **Injection Well Plugging Plan** for information on injection well P&A operations. Reliant estimates that the [REDACTED]. The total FA cost estimate for site closure is [REDACTED], based on industry estimates and independent, third-party engineering data. See **Table 3-3** for details.

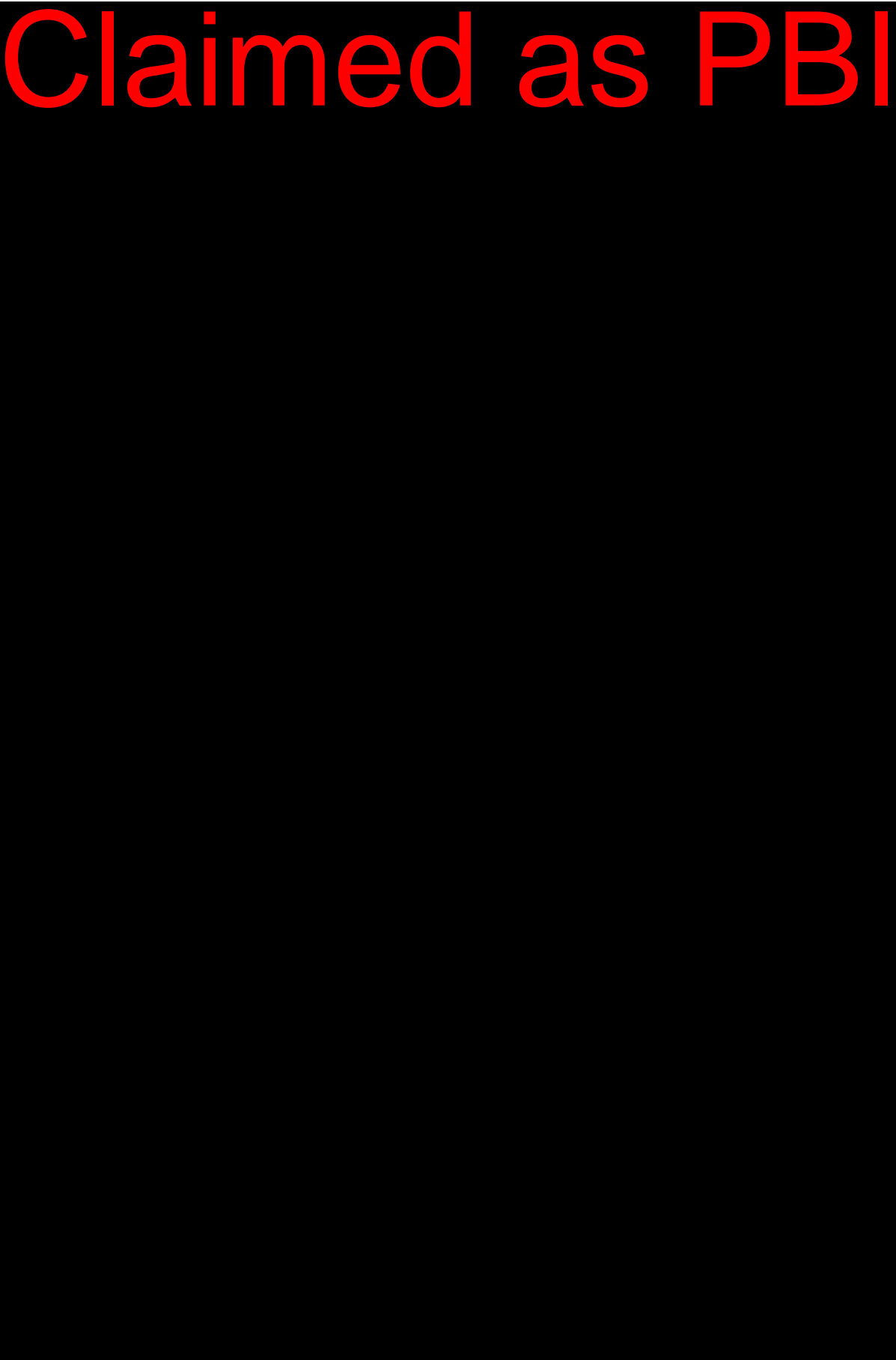
3.3.5. Emergency and Remedial Response

Based on the **Application Narrative**, the PHS has a very 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. The CO₂ plume has both a primary and secondary seal preventing leakage. Additionally, all new wells within the AoR will have been completed to Class VI 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 FA document addresses the most likely emergency and provides estimated costs for promptly remediating this leakage scenario. The emergency and remedial response costs set forth in this section assume a CO₂ leak from the injection interval of one of the injection wells. The emergency is assumed to have occurred due to the loss of mechanical integrity in the injection well. The cost estimates assume a rapid remedial response to fix the problem. For deriving a cost estimate for ERRP, Reliant addresses the scenario in which overpressure causes one existing injection well to fail, resulting in the leakage of brine and CO₂ to shallow depths during the injection of CO₂ or PISC.

Reliant's activities for emergency and remedial response are detailed in the **Emergency and Remedial Response Plan**. Cost items are generalized to account for the inherent variability of emergency and remedial response scenarios and are estimated at **Claimed as PBI** (in Year 2025 dollars). The costs required to remediate an emergency-level leakage scenario are outlined in **Table 3-3** below.

Claimed as PBI



** Inj = Injection Well; AZM=Above-Zone Monitoring Well; IZM=In-Zone Monitoring Well; G.A. and C=General/Administrative and Contingency Cost.

3.4. FINANCIAL RESPONSIBILITY DEMONSTRATION SUMMARY

Reliant intends to demonstrate FA for the PSHH through an Escrow Account. Presently, the segregated Escrow Account will be used to demonstrate FA for Injection Well Plugging, Corrective Action, PISC, Site Closure, and ERRP. The Escrow Account will provide appropriate assurances to UIC EPA Region 4 and the State of Alabama Oil and Gas Board of Reliant's ability to fulfill its financial responsibilities at the PSHH. **Table 3-4** summarizes the breakdown of FA coverages by timeline, cost, and Escrow Account allocation.

Table 3-5 details the Escrow Account funding, growth, and disbursement. The values included in this demonstration of FA 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 PIA. All PIA costs are adjusted for inflation annually at a rate of 2.5%. These values are subject to change during the project to account for inflation or deflation of costs and changes to the project that may impact the cost of covered activities. Reliant will adjust the pay-in and disbursement schedule in response to any changes in cost estimates, UIC Class VI permit, or corporate planning. All adjustments will be submitted for approval to UIC EPA Region 4 and the State of Alabama Oil and Gas Board.

Claimed as PBI

3.4.1. Escrow Account

Reliant proposes to demonstrate FA for Injection Well Plugging, Corrective Action, PISC, Site Closure, and Emergency and Remedial Response with an Escrow Account. As required by rule, the funds held in this Escrow Account are segregated from other funds and uses. Reliant will select a reputable escrow account agent to hold, invest, and disperse all funds within the Escrow Account as required by Reliant's PIAs.

Reliant plans to pay into the Escrow Account for the first **Claimed as PBI** of injection to ensure sufficient funds are available in the future to cover the estimated costs for each PIA. Reliant assumes a **Claimed as PBI** annual return on all funds invested in the Escrow account. Please refer to **Table 3-5** for details on escrow account pay-ins and FA cost disbursements.

Claimed as PBI