RESOLUTION NO. 23-114

BE IT RESOLVED BY THE CITY COUNCIL OF THE

CITY OF BEAUMONT:

THAT the City Manager be and he is hereby authorized to enter into a 380 Economic Development Agreement and a lease agreement with CPD II CO2 Sequestration, LLC, of Houston, Texas for economic development incentives during the development of a carbon sequestration facility within undeveloped City-owned property, south of the landfill.

The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

PASSED BY THE CITY COUNCIL of the City of Beaumont this the 25th day of April, 2023.

THE CITY OF BEAUMONT, JEFFERSON COUNTY, TEXAS
BEAUMONT, TEXAS

Robin Mouton

-Mayor Robin Mouton -

CONFIDENTIAL SEQUESTRATION FEE AGREEMENT

This Confidential Sequestration Fee Agreement (the **"Fee Agreement"),** effective as of the effective date of the Chapter 380 Agreement defined below (the **"Effective Date"),** is entered into by and between:

(1) City of Beaumont, Texas ("**Grantor**"), a municipal entity of the State of Texas whose address is_____; and

(2) CDP II CO2 Sequestration, LLC ("**Grantee**"), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

who declares as follows:

In this Fee Agreement, Grantor and Grantee may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS:

WHEREAS, the Parties have executed contemporaneously herewith a certain Chapter 380 Economic Development Agreement And Underground Storage Agreement Between The City of Beaumont and Caliche CO2 Sequestration LLC (the **"Chapter 380 Agreement"),** and all capitalized terms not defined herein shall have the meanings given them in the Chapter 380 Agreement;

WHEREAS, the Chapter 380 Agreement contemplates the granting of a lease under, on, and through the Grantor's property described more fully in the Chapter 380 Agreement (the "**Land**") for the following purposes and uses, subject in each case to the terms, conditions and limitations set forth in this Chapter 380 Agreement: (i) to inject, sequester and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, "**Permitted Substances**") within the geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Grantee for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined in Section II.b. of the Chapter 380 Agreement), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, "**Sequestration**"); (ii) to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences, bollards, and similar barriers to protect or enclose any of the foregoing, and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Grantee's equipment and related facilities (collectively, the "**Facilities**") in such

location(s) under, on, and through the Land as Grantee may determine from time to time (the "**Surface Locations**");

WHEREAS, the Chapter 380 Agreement contemplates Sequestration of Permitted Substances, other Intended Use (as defined below) and the drilling, construction, operation and maintenance, amongst other things, of certain Facilities (collectively, the **"Project")** on Land and/or Surface Locations owned or controlled by Grantor in Jefferson County, Texas;

WHEREAS, Grantee and Grantor agreed that, as consideration for the Chapter 380 Agreement and the rights granted Grantee thereunder, Grantee shall pay Grantor certain fees for the Sequestration and other activities related to the Project and reimburse Grantor for certain surface damages in accordance with the Chapter 380 Agreement; and

WHEREAS, the Parties desire to further define the terms and conditions governing the payment of such fees and damages related to the Project.

NOW, THEREFORE, the Parties agree to the following:

1. Concurrent Chapter 380 Agreement. Grantor and Grantee acknowledge that this Fee Agreement is executed contemporaneously with the Chapter 380 Agreement, which sets forth all of the terms and conditions of Grantee's use of the Land for its Sequestration operations, other Intended Use (as defined below) and other activities related to the Project, except for the fees and compensation payable by Grantee for and in connection therewith (including damages caused by Grantee in connection with the construction of Grantee's Facilities and Sequestration operations) and related matters covered by this Fee Agreement. Except for provisions that expressly survive the termination of this Fee Agreement or the Chapter 380 Agreement, as applicable, or as otherwise expressly provided herein or therein, the Chapter 380 Agreement and this Fee Agreement shall run concurrently and this Fee Agreement shall terminate upon any termination of the Chapter 380 Agreement, and neither Grantor nor Grantee shall have any further rights or obligations hereunder or thereunder upon any such termination.

2. Intended Use. The Chapter 380 Agreement contemplates the Grantee's use of the Land for its Sequestration operations, including construction and maintenance of Facilities, and all other purposes and uses expressly set forth in the Chapter 380 Agreement (the "**Intended Use**"). Grantee shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Fee Agreement and the Chapter 380 Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (e.g., a power plant or industrial plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the "**Carbon Oxides Stream**").

3. Establishment of Sequestration Zone. The Parties agree that Grantee may, in its sole discretion, contribute, combine or pool any and all of the Geologic Storage Complex beneath the Land to or with subsurface pore space(s) beneath other lands (whether owned by Grantor or by third parties) to create a larger subsurface Sequestration area which Grantee may utilize in connection with its Sequestration operations, including the Project (such larger area, a

"Sequestration Zone"). Grantee shall deliver written notice to Grantor that the Land is included in a Sequestration Zone within thirty (30) days of the establishment of said Sequestration Zone, and Grantee shall execute and record in the conveyance records of the County(ies) in which such Sequestration Zone is situated an instrument identifying and describing the covered lands. In creating or establishing any Sequestration Zone, Grantee shall proceed at all times in accordance with any applicable rules and/or regulations of the Railroad Commission of Texas, Texas Commission on Environmental Quality, the Environmental Protection Agency, Internal Revenue Service or other applicable governmental authority.

4. Construction Costs. Grantee shall pay all Construction Costs in connection with the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. As used in this Fee Agreement, **"Construction Costs"** means any and all actual out-of-pocket costs and expenses for the Facilities, including: (a) actual costs of materials used, including fabrication charges, freight, and taxes; (b) costs of any and all survey, design, engineering, drilling, construction, installation, inspection, and testing performed by third parties or by employees of Grantees and/or its affiliates; (c) costs for obtaining any permits, licenses, rights-of-way, and easements; and (d) expenses, including salaries, payroll taxes, benefits, overhead and transportation, meals, and lodging, incurred by third parties or by employees of Grantee and/or its affiliates in performing all or any portion of the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. Customer agrees that any or all of the work may be performed by qualified employees of Grantee and/or its affiliates and their respective independent contractors.

5. Initial Payment for Exclusive Right to Sequestration. Upon the Effective Date, Grantee shall have, for a period of twenty (24) months from the Effective Date, the sole and exclusive right to perform activities in connection with the Project on the Land and/or Surface Locations, as defined in the Chapter 380 Agreement (the **"Exclusivity Period"**) (which period shall be extended on a day for day basis in the event (i) the pendency of an application for an Applicable Permit, as defined in Section III.a. of the Chapter 380 Agreement, exceeds the Exclusivity Period, or (ii) the failure to commence the Intended Use within the Exclusivity Period is caused by the Grantor or a Force Majeure event, as defined in Section 13 herein). In the event that Grantee has not commenced with the Intended Use, as defined in the Chapter 380 Agreement, prior to the expiration of the Exclusivity Period, as may be extended per the terms of this Section, Grantee shall have the option to submit a one-time payment in the amount of one hundred thousand and No/100 Dollars ($100,000.00) to extend the Exclusivity Period by an additional twenty-four (24) months.

Without limiting the foregoing and notwithstanding anything in the Chapter 380 Agreement to the contrary, the Parties agree that, upon the expiration of the Exclusivity Period, any portion of the Land which is not included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, together with an additional one thousand foot (1,000') buffer area lying outside of and surrounding the geographical confines or surface area of any such Geologic Storage Complex and/or Sequestration Zone, shall be released from and no longer subject to the Chapter 380 Agreement or this Fee Agreement. For the avoidance of doubt, the Parties agree that, with respect to any portion of the Land included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, plus a one thousand foot (1,000') buffer area around such Geologic Storage Complex and/or Sequestration

Zone, the Chapter 380 Agreement and this Fee Agreement shall continue in force and effect pursuant to the terms of the Chapter 380 Agreement, including for all periods both before and after the foregoing Exclusivity Period.

6. Payment upon Commencement of Drilling Operations for Individual Surface Location(s). Upon the commencement by Grantee of drilling operations for individual Surface Locations, and the installation of associated Facilities, Grantee shall submit a one-time payment to Grantor in the amount equal to one hundred thousand and No/100 Dollars ($100,000.00) per injection well as additional compensation under this Fee Agreement (the **"Drilling Payment"**).

7. Payment for Surface Damages. The Parties have mutually agreed that the submission of any Drilling Payment paid by Grantee under this Fee Agreement includes adequate consideration for damages to and the repair of the Land, Surface Locations, revegetation, roads, and fences to the extent solely and directly caused by or resulting from the survey, drilling, construction, and installation of any Facilities, use of the Geologic Storage Complex, or Grantee's Sequestration operations or exercise of other rights granted under the Chapter 380 Agreement by Grantee. Notwithstanding anything contained in the Chapter 380 Agreement or this Fee Agreement to the contrary, in no event and under no circumstances shall Grantee be responsible for any indirect, incidental, punitive, exemplary or consequential damages (whether for breach of any representation, warranty, or covenant in this Fee Agreement, the Chapter 380 Agreement, or any document executed in connection herewith).

8. Payment upon Injection and Sequestration. The Parties hereby agree that, upon commencement of commercial injection, Sequestration or storage of the Carbon Oxides Stream within the Geologic Storage Complex, Grantee shall make quarterly payments (the **"Volumetric Royalty")** in an amount equal to one Dollar ($1.00) per metric ton of Carbon Oxides Stream (the **"Injected Substances")** that is injected into the Geologic Storage Complex and/or Sequestration Zone (subject to proportionate adjustment required herein), as measured by Grantee at the time of injection during the applicable preceding calendar quarter.

(a) **First Payment.** The first Volumetric Royalty shall be made on or before the first day of the calendar month that is four (4) full calendar months following the first date of such injection (*e.g.,* if the first injection occurs on January 20, the first Volumetric Royalty will be due on June 1).

(b) **Subsequent Payments.** Thereafter, Grantee shall make payment of the Volumetric Royalty to Grantor no later than thirty (30) days after the end of the calendar quarter within which injections were made.

(c) **Minimum Annual Payment.** Grantee shall be permitted, but not have the obligation, to inject any volume of Injected Substances into the Geologic Storage Complex in any calendar year during the term of this Fee Agreement, provided however, that beginning on the first day of the calendar year following the commencement of commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex, should the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Volumetric Royalty that would otherwise be owed for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances, or two hundred fifty thousand and No/100 Dollars ($250,000.00) based on an amount equal

to one Dollar ($1.00) per metric ton (the **"Minimum Annual Payment"**), Grantee shall submit payment in the amount of the difference between the total amount of Volumetric Royalty payments made in the affected calendar year and the Minimum Annual Payment. This payment shall be made to Grantor no later than sixty (60) days after the last day of the affected calendar year, and this payment shall be the sole and exclusive remedy to Grantor in the event that the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Minimum Annual Payment. To the extent that (i) Grantee enters into a contract in the state of Texas with another party containing comparable economic and volumetric terms to this Fee Agreement ("**Comparable Contract**"), (ii) such Comparable Contract provides for a Minimum Annual Payment that exceeds the Minimum Annual Payment set forth in this Fee Agreement, and (iii) such Minimum Annual Payment is calculated based on a Volumetric Royalty paid for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances or fewer, then no later than the month immediately following the commencement of injection under such Comparable Contract, Grantee and Grantor will execute an amendment memorializing a modification of the Minimum Annual Payment under this Section to equal the Minimum Annual Payment under such Comparable Contract.

(d) **Metering and Monitoring.** Grantee, at its sole cost and expense, shall install and maintain appropriate metering and monitoring equipment to measure and record the actual volumes of Injected Substances associated with the Project in accordance with industry standards **("Metering Equipment").** Subject to the limitations discussed herein, the Volumetric Royalties shall be based upon the measured quarterly aggregate of Injected Substances volumes recorded by the Metering Equipment. The Parties further agree that the type of Metering Equipment installed is within the sole discretion of Grantee as operator of the Project.

9. Payment for Continued Monitoring. The Parties hereby agree that, upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased, Grantee shall, for a period of fifty (50) calendar years thereafter (the "**Monitoring Period**"), make annual payments in an amount equal to fifty thousand and No/100 Dollars ($50,000.00) for continued monitoring of the Injected Substances in the Geologic Storage Complex in accordance with industry standards, including continued access for operation, testing, installation and maintenance of monitoring equipment (the "**Monitoring Payment**").

In the event that during the Monitoring Period Grantee determines that commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex may resume, Grantee shall have the option to cease the Monitoring Period along with subsequent Monitoring Payments and recommence commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex upon written notice to Grantor, and a renewed fifty (50) calendar year Monitoring Period along with subsequent Monitoring Payments shall commence upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased.

10. Adjustment to Volumetric Royalty in Connection with Grantor's Net Ownership Interest. In the event Grantor's Land is contributed, combined or pooled to or with other lands/pore space(s) to create a Sequestration Zone, Grantor's Volumetric Royalty shall be adjusted **("Adjusted Volumetric Royalty")** to reflect Grantor's proportionate ownership of lands on a surface acreage basis within Sequestration Zone, consistent with the following example: Assume (1) the Sequestration Zone comprises 3,000 acres, and (2) the Grantor's undivided ownership of land or of pore space within the Sequestration Zone comprises 300 acres. The Volumetric Royalty will be adjusted as follows:

300 acres ÷ 3,000 acres x Volumetric Royalty = Adjusted Volumetric Royalty

11. Binding Agreement; Assignment. The terms of this Fee Agreement shall constitute real rights running with Grantor's right, title and interest in and to the Land and the Geologic Storage Complex, as applicable, and shall be binding upon the representatives, heirs, executors, administrators, successors, and assigns of Grantor, for the benefit of Grantor and Grantee, and their successors and assigns. This Fee Agreement shall not be assignable by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld. An associated transfer by a Party of substantially all of its assets to another entity (whether in one transaction or a series of transactions), or the merger or consolidation of a Party with another entity, or the transfer of a controlling ownership interest of such Party, will be deemed to constitute an assignment.

12. Ratification; Conflicts. The Chapter 380 Agreement remains in full force and effect and is hereby ratified by the Parties. To the extent there is any conflict between the terms of this Fee Agreement and the terms of the Chapter 380 Agreement, the applicable terms of the Chapter 380 Agreement shall control.

13. Force Majeure. The term **"Force Majeure"** as employed in this Fee Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either Grantor or Grantee is required to obtain Easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost, and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

14. Default, Remedies, Notice and Cure Rights. If Grantee fails to perform any of the covenants or obligations imposed upon it in this Fee Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then Grantor may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by Grantor. If Grantor fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Grantee shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Grantee fails to cure under this Section, Grantor may seek to impose liability or a remedy on Grantee under this Fee Agreement or Applicable Law whether in equity or otherwise.

15. Limitation of Liability and No Consequential Damages. THE PARTIES HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS FEE AGREEMENT OR CONCURRENT CHAPTER 380 AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY OR ITS AGENTS OR AFFILIATES SHALL BE LIABLE OR BEAR RESPONSIBILITY FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES IN ANY KIND OR MANNER, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOST REVENUE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

16. Notices. All notices required or permitted to be given under this Fee Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b) certified or registered mail, return receipt requested, in either case with a copy by email:

If to Grantor:

City of Beaumont
Attn: [name]
[street address]

[city, state, zip code]
With copy to: [email]

[**Note to City: Please complete.**]

If to Grantee:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

17. Applicable Law. THIS FEE AGREEMENT AND THE CHAPTER 380 AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Fee Agreement, exclusive jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

18. Headings. The Section headings are used herein for convenience only and shall not be considered a part of this Fee Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Fee Agreement.

19. Severability. If any provision of this Fee Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, this Fee Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Fee Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

20. Counterparts. This Fee Agreement may be executed in several counterparts, each of which shall be an original of this Fee Agreement but all of which, taken together, shall constitute one and the same agreement and shall be binding upon the parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

GRANTOR:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Grantor Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY/COUNTY OF _____

On this _____day of _____, 202_, before me, appeared, _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

GRANTEE:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Grantee Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY/COUNTY OF _____

On this_____ day of _____, 202_____, before me, appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

STATE OF TEXAS §
§
COUNTY OF JEFFERSON §

CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT AND UNDERGROUND STORAGE AGREEMENT BETWEEN THE CITY OF BEAUMONT AND CALICHE CO2 SEQUESTRATION LLC

This Underground Storage Agreement and Chapter 380 Economic Development Agreement (the **"Agreement"),** is entered into effective as of the _____, 2023 (the **"Effective Date")** by and between:

(1) City of Beaumont, Texas **("City")** a municipal entity of the State of Texas, whose address is _____; and

(2) CDP II CO2 Sequestration, LLC (**"Developer"**), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

(3) In this Agreement, City and Developer may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS

WHEREAS, Article 3, Section 52A, Texas Constitution, authorizes the Legislature to enable cities and counties to implement programs for the public purposes of economic development under which cities and counties may provide financial incentives for the purposes of stimulating local economic development and business and commercial activity; and

WHEREAS, Chapter 380 of the Texas Local Government Code ("**Chapter 380**") provides the statutory authority for the City to establish and administer a program, including the grant of real property interests, provision of tax incentives, and the making of loans and grants of public money, to promote state and local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the City finds that the administration of a program that will grant real property interests and provide tax incentives to the Developer related to certain property (the "**Program**") would promote local economic development and stimulate business and commercial activity within the City; and

WHEREAS, the Developer will construct Facilities, as defined herein, in the City and has applied for the Program to locate the Facilities in the City; and

WHEREAS, the Parties desire to enter into this Agreement pursuant to Chapter 380 and Article 3, Section 52A of the Texas Constitution (collectively, the "**Legal Authorities**") in order

to provide grants of real property interests, tax incentives, loans, and money in accordance therein; and

WHEREAS, the City recognizes the positive economic impact the Facilities and the revenues generated by the Facilities, as defined herein, will have on the City and wishes to provide incentives to Developer to assist in the construction and operation of the Facilities, thereby contributing toward the further economic development and growth of the City; and

WHEREAS, the City wishes to encourage Developer to construct the Facilities, and the City finds that this Agreement embodies an eligible program and clearly promotes economic development in the City, and as such, meets the prerequisites under the Legal Authorities and further is in the best interests of the City; and

WHEREAS, the City Council of Beaumont finds that this Agreement contains sufficient controls to ensure that the Program is carried out according to all applicable laws; and

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, agreements, services, obligations, covenants, and benefits set forth in this Agreement, the City and Developer agree and contract as follows:

I. Authorization

a. City's execution and performance of this Agreement is authorized pursuant to Chapter 380 of the Texas Local Government Code; Article 3, Section 52A of the Texas Constitution; and pursuant to the City's Chapter 380 Economic Development Policy. The City hereby represents and warrants to Developer that the City has full constitutional and lawful right, power and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all necessary City proceedings, findings, and actions. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of the City, is enforceable in accordance with its terms and provisions, and does not require the consent of any other governmental authority.

b. Developer hereby represents and warrants to the City that Developer has full constitutional and lawful right, power, and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all actions necessary. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of Developer, is enforceable in accordance with its terms and provisions, and does not require the consent of any other authority or entity.

II. Lease

a. **Grant and Purpose.** KNOW ALL MEN BY THESE PRESENTS, for and in consideration of the sum of Ten dollars ($10.00) in hand paid by Developer to City, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, City does hereby let and lease to Developer, its affiliates, and their respective successors and assigns, the City's property described more fully on Exhibit A attached hereto and a made a part hereof (the **"Land")** for the following purposes and uses, subject in each case to the terms, conditions and limitations set forth in this Agreement:

i. to inject, sequester and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, **"Permitted Substances"**) within the Geologic Storage Complex (defined below), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, **"Sequestration");**

ii. to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate any and all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences bollards and similar barriers to protect or enclose any of the foregoing and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Developer's equipment and related facilities (collectively, the **"Facilities"**) in such location(s) under, on, and through the Land as Developer may determine from time to time (the **"Surface Locations"**), it being expressly agreed that Developer shall have the right to drill through and under the subsurface of the Land in order to access and conduct Sequestration activities within the Geologic Storage Complex; and

iii. to take such other actions, and access and install such Facilities as may be or become necessary for Developer to comply with, maintain, satisfy or qualify the Sequestration operations and Facilities under and pursuant to the requirements of any and all Applicable Laws (defined below), including without limitation 26 U.S.C. § 45Q, Credits (defined below), the California Low Carbon Fuel Standard, Cal. Code Regs. tit. 17 §§ 95480-95503 (2018), the California Global Warming Solutions Act of

2006, Cal. Health & Safety Code §§ 38500-38599, and the Carbon Capture and Sequestration Protocol under the Low Carbon Fuel Standard (August 13, 2018) or any other related guidelines promulgated or otherwise issued by the California Air Resources Board (**"CARB"**), and Texas Water Code § 27, in each case as the same may be amended, replaced or superseded from time to time.

TO HAVE AND TO HOLD the above described Land, together with all rights necessary or incidental thereto which are or may be required to accomplish the purposes and uses hereby permitted and granted unto the said Developer, its successors and assigns, and City agrees with Developer and Developer's successors in title and assigns that the rights herein granted shall be real rights running with the Land (including the Surface Locations and the Geologic Storage Complex) and be binding upon City, City's heirs, legal representatives and successors in title. This Agreement is personal to Developer and shall not be an easement or right-of-way declared or granted for the public's benefit whatsoever.

b. **Geologic Storage Complex**. The geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Developer for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined below). From and after the Effective Date, Developer shall have the right, but not the obligation, to (a) update, correct or supplement this Agreement to provide for a more complete or accurate description of the boundaries of the Land, including any Surface Locations, Facilities and the Geologic Storage Complex, or (b) release any portion(s) of the Land, Surface Locations, Facilities or Geologic Storage Complex from this Agreement, and in either case City agrees to execute any such instrument for purposes of recording same in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. At its sole option, and to the extent the Lands subject to this Agreement does not include the entire physical boundaries of City's property, Developer shall be entitled to expand or enlarge the amount of Land covered by this Agreement in the event such expansion or enlargement represents less than a twenty percent (20%) aggregate increase in the total surface area of the Land originally covered hereby (but in City's sole discretion for any such expansion or enlargement that represents a twenty percent (20%) or greater aggregate increase in the total surface area of such Land), except pursuant to an order or judgment (e.g., in the nature of an expropriation) issued by a federal or state court or other agency having competent jurisdiction and in compliance with the applicable rules and regulations of such court or other agency. In such event, the expansion or enlargement of the Land or Geologic Storage Complex shall be evidenced by a written instrument, which shall be recorded in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. Further, after completion or establishment of the Geologic Storage Complex (including any subsequent reduction, alteration or expansion), Developer shall furnish City a plat depicting

the boundaries of the Geologic Storage Complex. The Geologic Storage Complex covers and includes all strata and pore space(s) not containing hydrocarbon minerals or otherwise encumbered beneath the Land contained within the stratigraphic interval starting at either _____ feet or at the base of the _____, hereby defined as the stratigraphic equivalent of that point found at a depth of _____ feet on the Log on the _____Well, Serial No. _____, API No. _____, located in Section _____, T _____, R _____, _____ County, Texas, whichever depth is shallower, and to all depths below (the **"Covered Depths"**), with rights to all rock and associated pore space(s) within such rock at depths other than the Covered Depths reserved unto City (but subject to the requirements of this Section).

City shall have the right to carry on, in and under the Land, such operations necessary for and in connection with discovery, extraction, utilization, removal and sale of all minerals above and below the Covered Depths subject to: (i) any requirement or restrictions imposed by Applicable Law; or (ii) the limitations set forth below. However, City's rights are to be exercised so as not to unreasonably interfere with, and with due regard for, the operations to be carried on by Developer in accordance with this Agreement. Further, for any oil, gas or similar well **("O&G Well"),** or water well, salt water disposal well, or similar well on the Land, City agrees that such wells must be completed at a total depth of five hundred feet (500') or greater above the Covered Depths and may not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. Further, an O&G Well may also be directionally drilled and completed at a total depth five hundred feet (500') or greater below the Covered Depths if it does not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. For the avoidance of doubt, under no circumstances shall City drill or permit to be drilled into or through, or otherwise store, inject, or withdraw any substances within the Geologic Storage Complex, including without limitation via any O&G Well or any water well, salt water disposal well, or similar well. For each O&G Well and each water well, salt water disposal well, or similar well on (or near, in the case of a directionally drilled well that is completed above or below the Geologic Storage Complex) the Land that otherwise complies with this Section, City agrees to the following: (a) if an O&G Well is completed as a producer of oil and/or gas and pipe is set in such well, City will not perforate, stimulate or produce oil, gas, or any other substances from the Covered Depths, nor will City perforate or withdraw from or inject into any substance at any water well, salt water disposal well, or similar well within the Covered Depths; and (b) if an O&G Well or water well, salt water disposal well, or similar well is plugged and abandoned, City will do so in accordance with Applicable Laws and the requirements of Section II.j.

c. **Access/Use.** During construction and installation of the above and below ground Facilities, and in connection with the use, operation and maintenance of the Geologic Storage Complex and the Facilities, Developer and its employees,

agents, contractors (and any contractor's employees, subcontractors, agents, representatives, invitees, licensees and suppliers), representatives, invitees, licensees and suppliers shall have the right of ingress and egress upon or within existing roads located on the Land; provided, however, that if Developer lacks reasonable vehicular access to any Surface Locations, Developer, with input and approval from City, which shall not be unreasonably withheld, conditioned, or delayed, shall have the right to construct new or replacement roads as necessary to provide and maintain such access, but that shall not hinder the City's use of the Land. At all times, Developer shall maintain and grade all roads primarily utilized by Developer for Sequestration on the Land in an all-weather condition, passable for vehicular traffic. Any damage to existing or new roads caused directly by Developer shall be the responsibility of Developer and shall be promptly repaired by Developer with the same material as originally constructed or using a material reasonably designated by City. Any damage to existing or new roads caused by the City or those utilizing roads with permission of City shall be the responsibility of City and shall be promptly repaired by City with the same material as originally constructed or using a material reasonably designated by Developer. In repairing roads, each Party shall use commercially reasonable efforts to fill in or level any ditches or depressions caused by such Party. Except to the extent such access roads are deemed to be public access, Developer agrees to keep City's gates closed and locked when not in use by Developer; provided, however, that City shall provide Developer with a key or other means of access to and through such gates. Further, in connection with the initial construction of the Facilities, Developer shall have the right to conduct topographic, environmental, archeological, geophysical, and boundary surveys of the Land, including with respect to the Geologic Storage Complex.

d. **Intended Use.** The Land, including any Surface Locations, Facilities and the Geologic Storage Complex, may be used by Developer for its Sequestration operations, including construction, maintenance, and monitoring of Facilities, and all other purposes and uses expressly set forth in this Agreement (the **"Intended Use").** Developer shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (*e.g.,* a power plant or gas processing plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the **"Carbon Oxides Stream").** Developer shall not possess, occupy or use the Land in violation of any federal, state or local laws or regulations applicable to Developer, Developer's Sequestration operations, or Developer's use or operation of the Servitude, including without limitation the Intended Use (**"Applicable Laws").** It shall further be Developer's sole responsibility to

ensure that the Intended Use complies in all material respects with zoning, use restrictions, applicable Permitted Exceptions (defined below) or similar legal limitations applicable to the Land, including without limitation any fire prevention, environmental or safety requirements imposed by Applicable Laws.

e. **Pipelines and Surface Locations.** Developer shall have the right to construct one or more pipelines within a pipeline right-of-way upon the Land; provided the pipeline right-of-way (right of egress and ingress) associated with each pipeline shall not exceed sixty feet (60') in total width. To the extent any pipeline right-of-way exists upon the Land, Developer shall use such right-of-way if such use is practicable and economically feasible. During construction of said pipeline(s), Developer shall be granted access to additional temporary workspace as needed for construction activities. Any pipeline constructed or utilized by Developer is limited to transportation of only the Carbon Oxides Stream and its constituent compounds for Sequestration or such other products as necessary, in Developer's sole discretion, for maintenance of the Facilities, including all other Permitted Substances.

With respect to the location of (i) any pipeline right-of-way that is not colocated in a then-existing pipeline right-of-way or (ii) any Facilities within those portions of the Land where Developer is permitted to place Facilities, Developer shall notify the City of the proposed location of such Facilities, and the City shall have thirty (30) days to provide written objection and reasons for such objection to Developer. If the City fails to object to the applicable location(s) during such thirty day period, any objections shall be deemed waived. Upon receipt of City's objection to pipeline right-of-way or Facility location(s), the Parties shall work in good faith to address the City's reasons for such objections.

Developer shall maintain all Surface Locations in good condition (ordinary wear and tear excepted). Further, with respect to any pipeline-related Surface Location, Developer shall, as soon as reasonably possible: (i) remove therefrom all debris which may be the product of any maintenance or construction work by Developer; (ii) restore and grade the surface of said Surface Location to, as nearly as can reasonably be done, a similar condition as existed immediately prior to any such operations, maintenance or construction work; (iii) remediate vegetation and soil erosion problems as is reasonable and practicable; and (iv) keep the pipeline-related Surface Locations clear of underbrush, trees and other growths, obstructions and hazards of any kind, in compliance with Applicable Laws.

f. **Seismic.** Developer expressly retains and reserves the concurrent right to grant third parties seismic, geophysical, and geological permits and to enter into other agreements with third parties, allowing such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through and across the Land; provided, however, that no such grant or agreement (a) interferes in any material respect with the Sequestration operations, Facilities, or Intended

Use, nor (b) shall violate or authorize any acts or uses that would constitute a violation of the requirements of Section II.j or Section II.b. In connection with the Intended Use, City grants to Developer the right to conduct seismic surveys on the Land of the Geologic Storage Complex (including the Covered Depths, as defined below) by means of a torsion balance, seismograph explosions, mechanical device, or any other method, including any activities or methods that may be required pursuant to Applicable Laws, including all applicable certification guidelines. Any seismic testing shall comply with City ordinance.

g. **Warranty.** City covenants with Developer and represents and warrants that City is the lawful fee simple owner and holds full ownership of the Land, and that City has the right and authority to make this grant, and that City will forever warrant and defend the title thereto against all claims whatsoever. However, Developer acknowledges and declares that neither City nor any party whomsoever, acting or purporting to act in any capacity whatsoever on behalf of City, have made any direct, indirect, explicit or implicit statement, representation or declaration, whether by written or oral statement or otherwise, upon which Developer has relied, concerning the existence or non-existence of any quality, characteristic or condition of the Land described herein. This Agreement provides Developer full, complete and unlimited access to the Land for all tests and inspections which Developer, in its sole discretion, deems sufficiently diligent for the protection of Developer's interests, and that all such real property is suitable, if so determined in Developer's sole discretion, for Developer's Intended Use.

h. **City's Cooperation.** City agrees to reasonably cooperate with Developer (when requested in writing, and at Developer's sole cost and expense), which may include locating surface facilities, executing permits or applications, and performing monitoring activities in connection with Developer's efforts to obtain or maintain any permits or governmental authorizations that may be or become required by Applicable Laws in connection with its Sequestration operations.

i. **Credits.** For the avoidance of doubt, it is understood and agreed that Developer shall be exclusively entitled to apply for, collect, receive, obtain, assign, grant, transfer or convey the benefit (directly or indirectly) of all credits, set-offs, payments or other consideration arising out of or in connection with its Sequestration operations, including, without limitation, federal, state, regional and local tax credits, emissions, emissions reduction and renewable energy credits, green pricing programs, green tags, and similar credit trading programs, and environmental credits, set-offs and similar benefits, in each case whether now in existence or hereafter arising (collectively, **"Credits"**). For the avoidance of doubt, nothing contained herein shall be construed to give City any right of ownership in or place any limitation on Developer's exclusive rights with respect to applying for, collecting, receiving, obtaining, assigning, granting, conveying, or otherwise transferring any such Credits.

j. **Concurrent Use.** So long as the Agreement remains in effect, City shall not access or use, and shall not permit its agents, employees, representatives, tenants, invitees, guests or any third party acting by, through or under City, to access or use the Surface Locations or Facilities; provided, however, that City reserves the right to use (a) any roads or bridges on the Land, including any roads constructed or improved by Developer, and (b) the surface of the Land over any buried or underground Facilities (e.g., pipelines, valves, etc.), so long as City takes reasonable precautions to avoid damage to such roads, bridges, pipelines and valves, and complies with this Agreement and Applicable Law. In addition, City shall otherwise retain full use and enjoyment of the Land, except (i) for the Intended Use herein granted to Developer and (ii) to the extent City's use, or uses by, through or under City, would materially interfere with the Intended Use.

k. **No Mineral Rights.** This Agreement does not affect the minerals underlying the Land. Developer specifically acknowledges and agrees that it is not acquiring any rights in and to the minerals on or underlying the Land via this Agreement and Developer is expressly prohibited from exploring for and/or producing any minerals on, from or under the Land pursuant to this Agreement. Under no circumstances shall Developer be liable to City for any mineral rights trespass claims or claims by mineral servitude or rights holders associated with the Land. Further, City covenants that for any agreement that it enters into after the Effective Date and which may potentially impact the Covered Depths, including a mineral deed or mineral lease, that such agreement shall be made specifically subject to this Agreement and Section II.b herein.

l. The term **"Force Majeure"** as employed in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either City or Developer is required to obtain easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost, and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

m. **Default Remedies, Notice and Cure Rights.** If Developer fails to perform any of the covenants or obligations imposed upon it in this Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then City may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by City. If City fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Developer shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Developer fails to cure under this Section, City may seek to impose liability or a remedy on Developer under this Agreement or Applicable Law whether in equity or otherwise.

III. **Term and Termination.**

a. The initial term of this Agreement (the "**Initial Term**") shall commence on the Effective Date and end on the date that is 75 years after the Effective Date. Developer shall be entitled to extend the Initial Term for additional periods of 10 years (each such extension a "**Renewal Term**") until such time that Developer's obligations under state and federal law relating to the Facilities are satisfied, on the same terms and conditions set forth in this Agreement, by delivering written notice of its intent to extend to City not sooner than one (1) year and not later than thirty (30) days prior to the expiration of the then-current Initial Term or Renewal Term, as applicable. [**Note to Draft: When we added all the timelines for Exclusivity, Exclusivity extension, Injection, and EPA-required monitoring, 65 years was too close. We propose 75 years.**]

It is understood that if (i) Developer does not submit a permit application under the U.S. Environmental Protection Agency ("**EPA**") or any other applicable federal, state, or local permitting authority ("**Applicable Permit**") during the Exclusivity Period as defined by Section 5 of the Fee Agreement (which period shall be extended pursuant to Section 5 of the Fee Agreement, or on a day for day basis in the event (i) the pendency of an application for an Applicable Permit exceeds this period, or (ii) the failure to timely submit such Applicable Permit is caused by the City or a Force Majeure event, as defined in Section II.l herein), or (ii) at any time following the approval of such Applicable Permit, Developer has not performed the Intended Use of the Land for a period of twenty-four (24) consecutive months, except to the extent such failure to perform the Intended Use is caused by the City or a Force Majeure event, then said Land and all rights granted to Developer in this Agreement shall thereupon terminate and revert to City, its successors and assigns. For the avoidance of doubt, City acknowledges and agrees that, for the purposes of this Section, the submission of an application for an Applicable Permit prior to the expiration of

the period stated and the active pendency of an Applicable Permit which exceeds the period stated shall satisfy the requirements of this provision, and that, for the purposes of this Section, pursuant to Section II.d herein, the Intended Use of the Land by Developer shall include, but not be limited to, the Sequestration and passive storage of Permitted Substances, without more, in the Geologic Storage Complex, or Developer's construction and maintenance of the Facilities, Developer conducting one or more activities or operations permitted or contemplated by this Agreement. Developer shall also have the right to terminate this Agreement at any time upon sixty (60) days' prior written notice.

b. **Removal of Facilities Upon Termination or Expiration.** Upon the expiration or termination of this Agreement, Developer shall be responsible, at Developer's sole discretion and cost, to either (i) remove all or a portion of the equipment on the surface of the Land, as may be deemed necessary, and restore the Surface Locations (as nearly as practicable) to its condition prior to the installation of such Facilities and Surface Locations, or (ii) to abandon such Facilities and Surface Locations in place, in which case ownership of such Facilities and Surface Locations shall pass to City.

Notwithstanding anything to the contrary in this Agreement, the Permitted Substances shall remain in the Geologic Sequestration Facility indefinitely, and Developer shall retain title to the Permitted Substances injected into the Geologic Sequestration Facility; provided, however, if at any time, following completion of Sequestration of any Permitted Substances into the Geologic Storage Complex or otherwise, any governmental or quasi-governmental entity, including, but not limited to, the State of Texas, the United States government, any county, municipal, or local governmental entity, or any other entity formed by or otherwise authorized to fulfill such purpose, assumes responsibility for the Geologic Storage Complex pursuant to Applicable Laws, and in connection therewith requests or requires that this Agreement be assigned, released, canceled or terminated, the Parties shall cooperate in good faith with any such request or requirement, including by executing any commercially reasonable instrument requested or required to memorialize the foregoing. This Agreement shall remain in effect for so long as Developer continues to use the Land.

IV. Chapter 380 Incentives

a. **Ad Valorem Taxes**. Subject to the abatement provided under this Agreement, Developer shall be responsible for payment of any ad valorem property taxes assessed against the personal property of Developer installed on the Land under the terms of this Agreement, which shall be billed separately from any taxes assessed against the real property of City; provided, however, City shall be responsible for all ad valorem taxes assessed for the Land.

b. **Tax Abatement**. The tax abatement provided for in this Agreement for the Facilities shall be effective on _____ valuation date as authorized by Section 312.204 of the Texas Tax Code and Section 380.001 of the Texas Local

Government Code. Pursuant to the Program, during each year that this Agreement is in effect, the appraised value of the personal property of Developer installed on the Land under the terms of this Agreement shall be reduced by an amount equal to [**0.05%**]. Payment of fees and other amounts under the Fee Agreement, as defined below, shall be considered payment in lieu of any and all taxes due on the personal property of Developer.

V. Concurrent Fee Agreement

a. Concurrent Fee Agreement. City and Developer acknowledge that this Agreement is executed contemporaneously with that certain Fee Agreement by and between City and Developer (the **"Fee Agreement"),** which Fee Agreement sets forth the fees and other compensation payable by Developer to City for and in connection with activities and uses of the Land. City agrees that the consideration paid by Developer to City pursuant to the Fee Agreement includes payment for damages, revegetation, roads, and fences to City, the Land, and City's lessees, easement holders, licensees, permittees or other third parties conducting operations or having rights to the Land for all of Developer's rights and activities permitted under this Agreement and that no additional consideration shall be due or payable by Developer to City or such third parties, except as expressly set forth in the Fee Agreement or in this Agreement. Except for any ingress and egress rights required to conduct monitoring activities with respect to the Geologic Storage Complex and provisions that expressly survive the termination of this Agreement or the Fee Agreement, as applicable, or as otherwise expressly provided herein or therein, the Fee Agreement and this Agreement shall run concurrently and the Fee Agreement shall terminate upon any termination of this Agreement, and neither City nor Developer shall have any further rights or obligations hereunder or thereunder upon any such termination with respect to such Agreement.

VI. Miscellaneous

a. **Texas Boycott Prohibitions**. To the extent required by Texas law, Developer verifies that: (1) It does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, as defined in Texas Government Code § 2274.001, and that it will not during the term of the contract discriminate against a firearm entity or firearm trade association; (2) It does not "boycott Israel" as that term is defined in Texas Government Code § 808.001 and it will not boycott Israel during the term of this contract; and (3) It does not "boycott energy companies," as those terms are defined in Texas Government Code §§ 809.001 and 2274.001, and it will not boycott energy companies during the term of the Agreement.

b. **Notices**. All notices required or permitted to be given under this Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b)

certified or registered mail, return receipt requested, in either case with a copy by email:

If to City:

City of Beaumont
Attn: [name]
[street address]
[city, state, zip code]
With copy to: [email]

[**Note to City: Please complete.**]

If to Developer:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

c. **Applicable Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Agreement, jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

d. **Headings.** The Section headings are used herein for convenience only and shall not be considered a part of this Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Agreement.

e. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, this Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

f. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same Agreement and shall be binding upon the

parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

THUS DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

CITY:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

City Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY OF _____

On this _____day of _____, 202_, before me, appeared, _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

DEVELOPER:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Developer Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY OF _____

On this_____ day of _____, 202_, before me, appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

EXHIBIT "A"

Attached hereto and made a part of that certain Agreement dated _____, 2023, by and between City of Beaumont, Texas, as City, and Caliche CO2 Sequestration, LLC, as Developer.

Total Exhibit "A" Acreage comprising the Land: _____ acres, more or less.

Legal Description:

It is the intention of the Parties for this Agreement to cover all land and interests owned by City within the outlined Area of Interest as shown on the map attached as Exhibit "B"

Signed for Identification:

_____

Exhibit "B"

Area of Interest

CONFIDENTIAL SEQUESTRATION FEE AGREEMENT

This Confidential Sequestration Fee Agreement (the **"Fee Agreement"),** effective as of the effective date of the Chapter 380 Agreement defined below (the **"Effective Date"),** is entered into by and between:

(1) City of Beaumont, Texas ("**Grantor**"), a municipal entity of the State of Texas whose address is_____; and

(2) CDP II CO2 Sequestration, LLC ("**Grantee**"), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

who declares as follows:

In this Fee Agreement, Grantor and Grantee may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS:

WHEREAS, the Parties have executed contemporaneously herewith a certain Chapter 380 Economic Development Agreement And Underground Storage Agreement Between The City of Beaumont and Caliche CO2 Sequestration LLC (the **"Chapter 380 Agreement"),** and all capitalized terms not defined herein shall have the meanings given them in the Chapter 380 Agreement;

WHEREAS, the Chapter 380 Agreement contemplates the granting of a lease under, on, and through the Grantor's property described more fully in the Chapter 380 Agreement (the "**Land**") for the following purposes and uses, subject in each case to the terms, conditions and limitations set forth in this Chapter 380 Agreement: (i) to inject, sequester and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, "**Permitted Substances**") within the geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Grantee for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined in Section ~~12~~II.b. of the Chapter 380 Agreement), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, "**Sequestration**"); (ii) to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences, bollards, and similar barriers to protect or enclose any of the foregoing, and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Grantee's equipment and related facilities (collectively, the

"**Facilities**") in such location(s) under, on, and through the Land as Grantee may determine from time to time (the "**Surface Locations**");

WHEREAS, the Chapter 380 Agreement contemplates Sequestration of Permitted Substances, other Intended Use (as defined below) and the drilling, construction, operation and maintenance, amongst other things, of certain Facilities (collectively, the **"Project")** on Land and/or Surface Locations owned or controlled by Grantor in Jefferson County, Texas;

WHEREAS, Grantee and Grantor agreed that, as consideration for the Chapter 380 Agreement and the rights granted Grantee thereunder, Grantee shall pay Grantor certain fees for the Sequestration and other activities related to the Project and reimburse Grantor for certain surface damages in accordance with the Chapter 380 Agreement; and

WHEREAS, the Parties desire to further define the terms and conditions governing the payment of such fees and damages related to the Project.

NOW, THEREFORE, the Parties agree to the following:

1. Concurrent Chapter 380 Agreement. Grantor and Grantee acknowledge that this Fee Agreement is executed contemporaneously with the Chapter 380 Agreement, which sets forth all of the terms and conditions of Grantee's use of the Land for its Sequestration operations, other Intended Use (as defined below) and other activities related to the Project, except for the fees and compensation payable by Grantee for and in connection therewith (including damages caused by Grantee in connection with the construction of Grantee's Facilities and Sequestration operations) and related matters covered by this Fee Agreement. Except for provisions that expressly survive the termination of this Fee Agreement or the Chapter 380 Agreement, as applicable, or as otherwise expressly provided herein or therein, the Chapter 380 Agreement and this Fee Agreement shall run concurrently and this Fee Agreement shall terminate upon any termination of the Chapter 380 Agreement, and neither Grantor nor Grantee shall have any further rights or obligations hereunder or thereunder upon any such termination.

2. Intended Use. The Chapter 380 Agreement contemplates the Grantee's use of the Land for its Sequestration operations, including construction and maintenance of Facilities, and all other purposes and uses expressly set forth in the Chapter 380 Agreement (the "**Intended Use**"). Grantee shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Fee Agreement and the Chapter 380 Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (e.g., a power plant or industrial plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the "**Carbon Oxides Stream**").

3. Establishment of Sequestration Zone. The Parties agree that Grantee may, in its sole discretion, contribute, combine or pool any and all of the Geologic Storage Complex beneath the Land to or with subsurface pore space(s) beneath other lands (whether owned by Grantor or by third parties) to create a larger subsurface Sequestration area which Grantee may utilize in connection with its Sequestration operations, including the Project (such larger area, a

"Sequestration Zone"). Grantee shall deliver written notice to Grantor that the Land is included in a Sequestration Zone within thirty (30) days of the establishment of said Sequestration Zone, and Grantee shall execute and record in the conveyance records of the County(ies) in which such Sequestration Zone is situated an instrument identifying and describing the covered lands. In creating or establishing any Sequestration Zone, Grantee shall proceed at all times in accordance with any applicable rules and/or regulations of the Railroad Commission of Texas, Texas Commission on Environmental Quality, the Environmental Protection Agency, Internal Revenue Service or other applicable governmental authority.

4. Construction Costs. Grantee shall pay all Construction Costs in connection with the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. As used in this Fee Agreement, **"Construction Costs"** means any and all actual out-of-pocket costs and expenses for the Facilities, including: (a) actual costs of materials used, including fabrication charges, freight, and taxes; (b) costs of any and all survey, design, engineering, drilling, construction, installation, inspection, and testing performed by third parties or by employees of Grantees and/or its affiliates; (c) costs for obtaining any permits, licenses, rights-of-way, and easements; and (d) expenses, including salaries, payroll taxes, benefits, overhead and transportation, meals, and lodging, incurred by third parties or by employees of Grantee and/or its affiliates in performing all or any portion of the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. Customer agrees that any or all of the work may be performed by qualified employees of Grantee and/or its affiliates and their respective independent contractors.

5. Initial Payment for Exclusive Right to Sequestration. Upon the Effective Date, Grantee shall have, for a period of twenty (24) months from the Effective Date, the sole and exclusive right to perform activities in connection with the Project on the Land and/or Surface Locations, as defined in the Chapter 380 Agreement (the **"Exclusivity Period"**) (which period shall be extended on a day for day basis in the event (i) the pendency of an application for an Applicable Permit, as defined in Section ~~14~~III.a. of the Chapter 380 Agreement, exceeds the Exclusivity Period, or (ii) the failure to commence the Intended Use within the Exclusivity Period is caused by the Grantor or a Force Majeure event, as defined in Section ~~14~~13 herein). In the event that Grantee has not commenced with the Intended Use, as defined in the Chapter 380 Agreement, prior to the expiration of the Exclusivity Period, as may be extended per the terms of this Section ~~5~~, Grantee shall have the option to submit a one-time payment in the amount of one hundred thousand and No/100 Dollars ($100,000.00) to extend the Exclusivity Period by an additional twenty-four (24) months.

Without limiting the foregoing and notwithstanding anything in the Chapter 380 Agreement to the contrary, the Parties agree that, upon the expiration of the Exclusivity Period, any portion of the Land which is not included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, together with an additional one thousand foot (1,000') buffer area lying outside of and surrounding the geographical confines or surface area of any such Geologic Storage Complex and/or Sequestration Zone, shall be released from and no longer subject to the Chapter 380 Agreement or this Fee Agreement. For the avoidance of doubt, the Parties agree that, with respect to any portion of the Land included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, plus a one thousand foot (1,000') buffer area around such Geologic Storage

Complex and/or Sequestration Zone, the Chapter 380 Agreement and this Fee Agreement shall continue in force and effect pursuant to the terms of the Chapter 380 Agreement, including for all periods both before and after the foregoing Exclusivity Period.

6. Payment upon Commencement of Drilling Operations for Individual Surface Location(s). Upon the commencement by Grantee of drilling operations for individual Surface Locations, and the installation of associated Facilities, Grantee shall submit a one-time payment to Grantor in the amount equal to one hundred thousand and No/100 Dollars ($100,000.00) per injection well as additional compensation under this Fee Agreement (the **"Drilling Payment"**).

7. Payment for Surface Damages. The Parties have mutually agreed that the submission of any Drilling Payment paid by Grantee under this Fee Agreement includes adequate consideration for damages to and the repair of the Land, Surface Locations, revegetation, roads, and fences to the extent solely and directly caused by or resulting from the survey, drilling, construction, and installation of any Facilities, use of the Geologic Storage Complex, or Grantee's Sequestration operations or exercise of other rights granted under the Chapter 380 Agreement by Grantee. Notwithstanding anything contained in the Chapter 380 Agreement or this Fee Agreement to the contrary, in no event and under no circumstances shall Grantee be responsible for any indirect, incidental, punitive, exemplary or consequential damages (whether for breach of any representation, warranty, or covenant in this Fee Agreement, the Chapter 380 Agreement, or any document executed in connection herewith).

8. Payment upon Injection and Sequestration. The Parties hereby agree that, upon commencement of commercial injection, Sequestration or storage of the Carbon Oxides Stream within the Geologic Storage Complex, Grantee shall make quarterly payments (the **"Volumetric Royalty")** in an amount equal to one Dollar ($1.00) per metric ton of Carbon Oxides Stream (the **"Injected Substances")** that is injected into the Geologic Storage Complex and/or Sequestration Zone (subject to proportionate adjustment required herein), as measured by Grantee at the time of injection during the applicable preceding calendar quarter.

(a) **First Payment.** The first Volumetric Royalty shall be made on or before the first day of the calendar month that is four (4) full calendar months following the first date of such injection (*e.g.,* if the first injection occurs on January 20, the first Volumetric Royalty will be due on June 1).

(b) **Subsequent Payments.** Thereafter, Grantee shall make payment of the Volumetric Royalty to Grantor no later than thirty (30) days after the end of the calendar quarter within which injections were made.

(c) **Minimum Annual Payment.** Grantee shall be permitted, but not have the obligation, to inject any volume of Injected Substances into the Geologic Storage Complex in any calendar year during the term of this Fee Agreement, provided however, that beginning on the first day of the calendar year following the commencement of commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex, should the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Volumetric Royalty that would otherwise be owed for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances, or two hundred fifty thousand and No/100 Dollars ($250,000.00)

based on an amount equal to one Dollar ($1.00) per metric ton (the **"Minimum Annual Payment"**), Grantee shall submit payment in the amount of the difference between the total amount of Volumetric Royalty payments made in the affected calendar year and the Minimum Annual Payment. This payment shall be made to Grantor no later than sixty (60) days after the last day of the affected calendar year, and this payment shall be the sole and exclusive remedy to Grantor in the event that the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Minimum Annual Payment. To the extent that (i) Grantee enters into a contract in the state of Texas with another party containing comparable economic and volumetric terms to this Fee Agreement ("**Comparable Contract**"), (ii) such Comparable Contract provides for a Minimum Annual Payment that exceeds the Minimum Annual Payment set forth in this Fee Agreement, and (iii) such Minimum Annual Payment is calculated based on a Volumetric Royalty paid for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances or fewer, then no later than the month immediately following the commencement of injection under such Comparable Contract, Grantee and Grantor will execute an amendment memorializing a modification of the Minimum Annual Payment under this Section to equal the Minimum Annual Payment under such Comparable Contract.

(d) **Metering and Monitoring.** Grantee, at its sole cost and expense, shall install and maintain appropriate metering and monitoring equipment to measure and record the actual volumes of Injected Substances associated with the Project in accordance with industry standards **("Metering Equipment").** Subject to the limitations discussed herein, the Volumetric Royalties shall be based upon the measured quarterly aggregate of Injected Substances volumes recorded by the Metering Equipment. The Parties further agree that the type of Metering Equipment installed is within the sole discretion of Grantee as operator of the Project.

9. Payment for Continued Monitoring. The Parties hereby agree that, upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased, Grantee shall, for a period of fifty (50) calendar years thereafter (the "**Monitoring Period**"), make annual payments in an amount equal to fifty thousand and No/100 Dollars ($50,000.00) for continued monitoring of the Injected Substances in the Geologic Storage Complex in accordance with industry standards, including continued access for operation, testing, installation and maintenance of monitoring equipment (the "**Monitoring Payment**").

In the event that during the Monitoring Period Grantee determines that commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex may resume, Grantee shall have the option to cease the Monitoring Period along with subsequent Monitoring Payments and recommence commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex upon written notice to Grantor, and a renewed fifty (50) calendar year Monitoring Period along with subsequent Monitoring Payments shall commence upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased.

10. Adjustment to Volumetric Royalty in Connection with Grantor's Net Ownership Interest. In the event Grantor's Land is contributed, combined or pooled to or with other lands/pore space(s) to create a Sequestration Zone, Grantor's Volumetric Royalty shall be adjusted **("Adjusted Volumetric Royalty")** to reflect Grantor's proportionate ownership of lands on a surface acreage basis within Sequestration Zone, consistent with the following example: Assume (1) the Sequestration Zone comprises 3,000 acres, and (2) the Grantor's undivided ownership of land or of pore space within the Sequestration Zone comprises 300 acres. The Volumetric Royalty will be adjusted as follows:

300 acres ÷ 3,000 acres x Volumetric Royalty = Adjusted Volumetric Royalty

11. Binding Agreement; Assignment. The terms of this Fee Agreement shall constitute real rights running with Grantor's right, title and interest in and to the Land and the Geologic Storage Complex, as applicable, and shall be binding upon the representatives, heirs, executors, administrators, successors, and assigns of Grantor, for the benefit of Grantor and Grantee, and their successors and assigns. This Fee Agreement shall not be assignable by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld. An associated transfer by a Party of substantially all of its assets to another entity (whether in one transaction or a series of transactions), or the merger or consolidation of a Party with another entity, or the transfer of a controlling ownership interest of such Party, will be deemed to constitute an assignment.

12. Ratification; Conflicts. The Chapter 380 Agreement remains in full force and effect and is hereby ratified by the Parties. To the extent there is any conflict between the terms of this Fee Agreement and the terms of the Chapter 380 Agreement, the applicable terms of the Chapter 380 Agreement shall control.

13. Force Majeure. The term **"Force Majeure"** as employed in this Fee Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either Grantor or Grantee is required to obtain Easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost, and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

14. Default, Remedies, Notice and Cure Rights. If Grantee fails to perform any of the covenants or obligations imposed upon it in this Fee Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then Grantor may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by Grantor. If Grantor fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Grantee shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Grantee fails to cure under this Section, Grantor may seek to impose liability or a remedy on Grantee under this Fee Agreement or Applicable Law whether in equity or otherwise.

15. Limitation of Liability and No Consequential Damages. THE PARTIES HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS FEE AGREEMENT OR CONCURRENT CHAPTER 380 AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY OR ITS AGENTS OR AFFILIATES SHALL BE LIABLE OR BEAR RESPONSIBILITY FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES IN ANY KIND OR MANNER, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOST REVENUE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

16. Notices. All notices required or permitted to be given under this Fee Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b) certified or registered mail, return receipt requested, in either case with a copy by email:

If to Grantor:

City of Beaumont
Attn: [name]
[street address]
[city, state, zip code]
With copy to: [email]

[Note to City: Please complete.]

If to Grantee:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

17. Applicable Law. THIS FEE AGREEMENT AND THE CHAPTER 380 AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Fee Agreement, exclusive jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

18. Headings. The Section headings are used herein for convenience only and shall not be considered a part of this Fee Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Fee Agreement.

19. Severability. If any provision of this Fee Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, this Fee Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Fee Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

20. Counterparts. This Fee Agreement may be executed in several counterparts, each of which shall be an original of this Fee Agreement but all of which, taken together, shall constitute one and the same agreement and shall be binding upon the parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

GRANTOR:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Grantor Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY/COUNTY OF _____

On this _____day of _____, 202_, before me, appeared, _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

GRANTEE:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Grantee Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY/COUNTY OF _____

On this_____ day of _____, 202_____, before me, appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

Document comparison by Workshare Compare on Wednesday, April 19, 2023 3:00:46 PM

Input:	
Document 1 ID	iManage://uswrkdms.lockelord.net/America/131495680/6
Description	#131495680v6<America> - Confidential Sequestration Fee Agreement Template REV CITY JAN23- LL Comments
Document 2 ID	iManage://uswrkdms.lockelord.net/America/131495680/7
Description	#131495680v7<America> - Confidential Sequestration Fee Agreement Template REV CITY JAN23- LL Comments
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	6
Deletions	6
Moved from	0
Moved to	0
Style changes	0
Format changes	0

Total changes	12

STATE OF TEXAS §
§
COUNTY OF JEFFERSON §

CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT AND UNDERGROUND STORAGE AGREEMENT BETWEEN THE CITY OF BEAUMONT AND CALICHE CO2 SEQUESTRATION LLC

This Underground Storage Agreement and Chapter 380 Economic Development Agreement (the **"Agreement"),** is entered into effective as of the _____, 2023 (the **"Effective Date")** by and between:

(1) City of Beaumont, Texas **("City")** a municipal entity of the State of Texas, whose address is _____; and

(2) CDP II CO2 Sequestration, LLC (**"Developer"**), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

(3) In this Agreement, City and Developer may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS

WHEREAS, Article 3, Section 52A, Texas Constitution, authorizes the Legislature to enable cities and counties to implement programs for the public purposes of economic development under which cities and counties may provide financial incentives for the purposes of stimulating local economic development and business and commercial activity; and

WHEREAS, Chapter 380 of the Texas Local Government Code ("**Chapter 380**") provides the statutory authority for the City to establish and administer a program, including the grant of real property interests, provision of tax incentives, and the making of loans and grants of public money, to promote state and local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the City finds that the administration of a program that will grant real property interests and provide tax incentives to the Developer related to certain property (the "**Program**") would promote local economic development and stimulate business and commercial activity within the City; and

WHEREAS, the Developer will construct Facilities, as defined herein, in the City and has applied for the Program to locate the Facilities in the City; and

WHEREAS, the Parties desire to enter into this Agreement pursuant to Chapter 380 and Article 3, Section 52A of the Texas Constitution (collectively, the "**Legal Authorities**") in order to provide grants of real property interests, tax incentives, loans, and money in accordance therein; and

WHEREAS, the City recognizes the positive economic impact the Facilities and the revenues generated by the Facilities, as defined herein, will have on the City and wishes to provide incentives to Developer to assist in the construction and operation of the Facilities, thereby contributing toward the further economic development and growth of the City; and

WHEREAS, the City wishes to encourage Developer to construct the Facilities, and the City finds that this Agreement embodies an eligible program and clearly promotes economic development in the City, and as such, meets the prerequisites under the Legal Authorities and further is in the best interests of the City; and

WHEREAS, the City Council of Beaumont finds that this Agreement contains sufficient controls to ensure that the Program is carried out according to all applicable laws; and

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, agreements, services, obligations, covenants, and benefits set forth in this Agreement, the City and Developer agree and contract as follows:

I. Authorization

a. City's execution and performance of this Agreement is authorized pursuant to Chapter 380 of the Texas Local Government Code; Article 3, Section 52A of the Texas Constitution; and pursuant to the City's Chapter 380 Economic Development Policy. The City hereby represents and warrants to Developer that the City has full constitutional and lawful right, power and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all necessary City proceedings, findings, and actions. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of the City, is enforceable in accordance with its terms and provisions, and does not require the consent of any other governmental authority.

b. Developer hereby represents and warrants to the City that Developer has full constitutional and lawful right, power, and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all actions necessary. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of Developer, is enforceable in accordance with its terms and provisions, and does not require the consent of any other authority or entity.

II. Lease

a. **Grant and Purpose.** KNOW ALL MEN BY THESE PRESENTS, for and in consideration of the sum of Ten dollars ($10.00) in hand paid by Developer to City, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, City does hereby let and lease to Developer, its affiliates, and their respective successors and assigns, the

City's property described more fully on Exhibit A attached hereto and a made a part hereof (the **"Land")** for the following purposes and uses, subject in each case to the terms, conditions and limitations set forth in this Agreement:

i. to inject, sequester and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, **"Permitted Substances"**) within the Geologic Storage Complex (defined below), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, **"Sequestration");**

ii. to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate any and all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences bollards and similar barriers to protect or enclose any of the foregoing and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Developer's equipment and related facilities (collectively, the **"Facilities"**) in such location(s) under, on, and through the Land as Developer may determine from time to time (the **"Surface Locations"**), it being expressly agreed that Developer shall have the right to drill through and under the subsurface of the Land in order to access and conduct Sequestration activities within the Geologic Storage Complex~~, locations shall be first reviewed and approved by the City~~; and

iii. to take such other actions, and access and install such Facilities as may be or become necessary for Developer to comply with, maintain, satisfy or qualify the Sequestration operations and Facilities under and pursuant to the requirements of any and all Applicable Laws (defined below), including without limitation 26 U.S.C. § 45Q, Credits (defined below), the California Low Carbon Fuel Standard, Cal. Code Regs. tit. 17 §§ 95480-95503 (2018), the California Global Warming Solutions Act of 2006, Cal. Health & Safety Code §§ 38500-38599, and the Carbon Capture and Sequestration Protocol under the Low Carbon Fuel Standard (August 13, 2018) or any other related guidelines promulgated or otherwise issued by the California Air Resources

Board (**"CARB"**), and Texas Water Code § 27, in each case as the same may be amended, replaced or superseded from time to time.

TO HAVE AND TO HOLD the above described Land, together with all rights necessary or incidental thereto which are or may be required to accomplish the purposes and uses hereby permitted and granted unto the said Developer, its successors and assigns, and City agrees with Developer and Developer's successors in title and assigns that the rights herein granted shall be real rights running with the Land (including the Surface Locations and the Geologic Storage Complex) and be binding upon City, City's heirs, legal representatives and successors in title. This Agreement is personal to Developer and shall not be an easement or right-of-way declared or granted for the public's benefit whatsoever.

b. **Geologic Storage Complex**. The geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Developer for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined below). From and after the Effective Date, Developer shall have the right, but not the obligation, to (a) update, correct or supplement this Agreement to provide for a more complete or accurate description of the boundaries of the Land, including any Surface Locations, Facilities and the Geologic Storage Complex, or (b) release any portion(s) of the Land, Surface Locations, Facilities or Geologic Storage Complex from this Agreement, and in either case City agrees to execute any such instrument for purposes of recording same in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. At its sole option, and to the extent the Lands subject to this Agreement does not include the entire physical boundaries of City's property, Developer shall be entitled to expand or enlarge the amount of Land covered by this Agreement in the event such expansion or enlargement represents less than a twenty percent (20%) aggregate increase in the total surface area of the Land originally covered hereby (but in City's sole discretion for any such expansion or enlargement that represents a twenty percent (20%) or greater aggregate increase in the total surface area of such Land), except pursuant to an order or judgment (e.g., in the nature of an expropriation) issued by a federal or state court or other agency having competent jurisdiction and in compliance with the applicable rules and regulations of such court or other agency. In such event, the expansion or enlargement of the Land or Geologic Storage Complex shall be evidenced by a written instrument, which shall be recorded in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. Further, after completion or establishment of the Geologic Storage Complex (including any subsequent reduction, alteration or expansion), Developer shall furnish City a plat depicting the boundaries of the Geologic Storage Complex. The Geologic Storage Complex covers and includes all strata and pore space(s) not containing hydrocarbon minerals or otherwise encumbered beneath the Land contained within the stratigraphic interval

starting at either _____ feet or at the base of the _____, hereby defined as the stratigraphic equivalent of that point found at a depth of _____ feet on the Log on the _____Well, Serial No. _____, API No. _____, located in Section _____, T _____, R _____, _____ County, Texas, whichever depth is shallower, and to all depths below (the **"Covered Depths"**), with rights to all rock and associated pore space(s) within such rock at depths other than the Covered Depths reserved unto City (but subject to the requirements of this Section).

City shall have the right to carry on, in and under the Land, such operations necessary for and in connection with discovery, extraction, utilization, removal and sale of all minerals above and below the Covered Depths subject to: (i) any requirement or restrictions imposed by Applicable Law; or (ii) the limitations set forth below. However, City's rights are to be exercised so as not to unreasonably interfere with, and with due regard for, the operations to be carried on by Developer in accordance with this Agreement. Further, for any oil, gas or similar well **("O&G Well"),** or water well, salt water disposal well, or similar well on the Land, City agrees that such wells must be completed at a total depth of five hundred feet (500') or greater above the Covered Depths and may not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. Further, an O&G Well may also be directionally drilled and completed at a total depth five hundred feet (500') or greater below the Covered Depths if it does not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. For the avoidance of doubt, under no circumstances shall City drill or permit to be drilled into or through, or otherwise store, inject, or withdraw any substances within the Geologic Storage Complex, including without limitation via any O&G Well or any water well, salt water disposal well, or similar well. For each O&G Well and each water well, salt water disposal well, or similar well on (or near, in the case of a directionally drilled well that is completed above or below the Geologic Storage Complex) the Land that otherwise complies with this Section, City agrees to the following: (a) if an O&G Well is completed as a producer of oil and/or gas and pipe is set in such well, City will not perforate, stimulate or produce oil, gas, or any other substances from the Covered Depths, nor will City perforate or withdraw from or inject into any substance at any water well, salt water disposal well, or similar well within the Covered Depths; and (b) if an O&G Well or water well, salt water disposal well, or similar well is plugged and abandoned, City will do so in accordance with Applicable Laws and the requirements of Section II.j.

c. **Access/Use.** During construction and installation of the above and below ground Facilities, and in connection with the use, operation and maintenance of the Geologic Storage Complex and the Facilities, Developer and its employees, agents, contractors (and any contractor's employees, subcontractors, agents, representatives, invitees, licensees and suppliers), representatives, invitees, licensees and suppliers shall have the right of ingress

and egress upon or within existing roads located on the Land; provided, however, that if Developer lacks reasonable vehicular access to any Surface Locations, Developer, with input and approval from City, which shall not be unreasonably withheld, conditioned, or delayed, shall have the right to construct new or replacement roads as necessary to provide and maintain such access, but that shall not hinder the City's use of the Land. At all times, Developer shall maintain and grade all roads primarily utilized by Developer for Sequestration on the Land in an all-weather condition, passable for vehicular traffic. Any damage to existing or new roads caused directly by Developer shall be the responsibility of Developer and shall be promptly repaired by Developer with the same material as originally constructed or using a material reasonably designated by City. Any damage to existing or new roads caused by the City or those utilizing roads with permission of City shall be the responsibility of City and shall be promptly repaired by City with the same material as originally constructed or using a material reasonably designated by Developer. In repairing roads, each Party shall use commercially reasonable efforts to fill in or level any ditches or depressions caused by such Party. Except to the extent such access roads are deemed to be public access, Developer agrees to keep City's gates closed and locked when not in use by Developer; provided, however, that City shall provide Developer with a key or other means of access to and through such gates. Further, in connection with the initial construction of the Facilities, Developer shall have the right to conduct topographic, environmental, archeological, geophysical, and boundary surveys of the Land, including with respect to the Geologic Storage Complex.

d. **Intended Use.** The Land, including any Surface Locations, Facilities and the Geologic Storage Complex, may be used by Developer for its Sequestration operations, including construction, maintenance, and monitoring of Facilities, and all other purposes and uses expressly set forth in this Agreement (the **"Intended Use").** Developer shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (*e.g.,* a power plant or gas processing plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the **"Carbon Oxides Stream").** Developer shall not possess, occupy or use the Land in violation of any federal, state or local laws or regulations applicable to Developer, Developer's Sequestration operations, or Developer's use or operation of the Servitude, including without limitation the Intended Use (**"Applicable Laws").** It shall further be Developer's sole responsibility to ensure that the Intended Use complies in all material respects with zoning, use restrictions, applicable Permitted Exceptions (defined below) or similar legal limitations applicable to the Land, including without limitation any fire

prevention, environmental or safety requirements imposed by Applicable Laws.

e. **Pipelines and Surface Locations.** Developer shall have the right to construct one or more pipelines within ~~an existing~~a pipeline right-of-way upon the Land; provided the pipeline right-of-way (right of egress and ingress) associated with each pipeline shall not exceed sixty feet (60') in total width. To the extent any pipeline right-of-way exists upon the Land, Developer shall use such right-of-way if such use is practicable and economically feasible. During construction of said pipeline(s), Developer shall be granted access to additional temporary workspace as needed for construction activities. Any pipeline constructed or utilized by Developer is limited to transportation of only the Carbon Oxides Stream and its constituent compounds for Sequestration or such other products as necessary, in Developer's sole discretion, for maintenance of the Facilities, including all other Permitted Substances.

With respect to the location of (i) any pipeline right-of-way that is not colocated in a then-existing pipeline right-of-way or (ii) any Facilities within those portions of the Land where Developer is permitted to place Facilities, Developer shall notify the City of the proposed location of such Facilities, and the City shall have thirty (30) days to provide written objection and reasons for such objection to Developer. If the City fails to object to the applicable location(s) during such thirty day period, any objections shall be deemed waived. Upon receipt of City's objection to pipeline right-of-way or Facility location(s), the Parties shall work in good faith to address the City's reasons for such objections.

Developer shall maintain all Surface Locations in good condition (ordinary wear and tear excepted). Further, with respect to any pipeline-related Surface Location, Developer shall, as soon as reasonably possible: (i) remove therefrom all debris which may be the product of any maintenance or construction work by Developer; (ii) restore and grade the surface of said Surface Location to, as nearly as can reasonably be done, a similar condition as existed immediately prior to any such operations, maintenance or construction work; (iii) remediate vegetation and soil erosion problems as is reasonable and practicable; and (iv) keep the pipeline-related Surface Locations clear of underbrush, trees and other growths, obstructions and hazards of any kind, in compliance with Applicable Laws.

f. **Seismic.** Developer expressly retains and reserves the concurrent right to grant third parties seismic, geophysical, and geological permits and to enter into other agreements with third parties, allowing such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through and across the Land; provided, however, that no such grant or agreement (a) interferes in any material respect with the Sequestration operations, Facilities, or Intended Use, nor (b) shall violate or authorize any acts or uses that would

constitute a violation of the requirements of Section II.j or Section II.b. In connection with the Intended Use, City grants to Developer the right to conduct seismic surveys on the Land of the Geologic Storage Complex (including the Covered Depths, as defined below) by means of a torsion balance, seismograph explosions, mechanical device, or any other method, including any activities or methods that may be required pursuant to Applicable Laws, including all applicable certification guidelines. Any seismic testing shall comply with City ordinance.

g. **Warranty.** City covenants with Developer and represents and warrants that City is the lawful fee simple owner and holds full ownership of the Land, and that City has the right and authority to make this grant, and that City will forever warrant and defend the title thereto against all claims whatsoever. However, Developer acknowledges and declares that neither City nor any party whomsoever, acting or purporting to act in any capacity whatsoever on behalf of City, have made any direct, indirect, explicit or implicit statement, representation or declaration, whether by written or oral statement or otherwise, upon which Developer has relied, concerning the existence or non-existence of any quality, characteristic or condition of the Land described herein. This Agreement provides Developer full, complete and unlimited access to the Land for all tests and inspections which Developer, in its sole discretion, deems sufficiently diligent for the protection of Developer's interests, and that all such real property is suitable, if so determined in Developer's sole discretion, for Developer's Intended Use. ~~[Have we confirmed we have no conflicting leases/easements?]~~

h. **City's Cooperation.** City agrees to reasonably cooperate with Developer (when requested in writing, and at Developer's sole cost and expense), which may include locating surface facilities, executing permits or applications, and performing monitoring activities in connection with Developer's efforts to obtain or maintain any permits or governmental authorizations that may be or become required by Applicable Laws in connection with its Sequestration operations.

i. **Credits.** For the avoidance of doubt, it is understood and agreed that Developer shall be exclusively entitled to apply for, collect, receive, obtain, assign, grant, transfer or convey the benefit (directly or indirectly) of all credits, set-offs, payments or other consideration arising out of or in connection with its Sequestration operations, including, without limitation, federal, state, regional and local tax credits, emissions, emissions reduction and renewable energy credits, green pricing programs, green tags, and similar credit trading programs, and environmental credits, set-offs and similar benefits, in each case whether now in existence or hereafter arising (collectively, **"Credits"**). For the avoidance of doubt, nothing contained herein shall be construed to give City any right of ownership in or place any limitation on Developer's exclusive rights with respect to applying for, collecting, receiving, obtaining, assigning, granting, conveying, or otherwise transferring any such Credits.

j. **Concurrent Use.** So long as the Agreement remains in effect, City shall not access or use, and shall not permit its agents, employees, representatives, tenants, invitees, guests or any third party acting by, through or under City, to access or use the Surface Locations or Facilities; provided, however, that City reserves the right to use (a) any roads or bridges on the Land, including any roads constructed or improved by Developer, and (b) the surface of the Land over any buried or underground Facilities (e.g., pipelines, valves, etc.), so long as City takes reasonable precautions to avoid damage to such roads, bridges, pipelines and valves, and complies with this Agreement and Applicable Law. In addition, City shall otherwise retain full use and enjoyment of the Land, except (i) for the Intended Use herein granted to Developer and (ii) to the extent City's use, or uses by, through or under City, would materially interfere with the Intended Use.

k. **No Mineral Rights.** This Agreement does not affect the minerals underlying the Land. Developer specifically acknowledges and agrees that it is not acquiring any rights in and to the minerals on or underlying the Land via this Agreement and Developer is expressly prohibited from exploring for and/or producing any minerals on, from or under the Land pursuant to this Agreement. Under no circumstances shall Developer be liable to City for any mineral rights trespass claims or claims by mineral servitude or rights holders associated with the Land. Further, City covenants that for any agreement that it enters into after the Effective Date and which may potentially impact the Covered Depths, including a mineral deed or mineral lease, that such agreement shall be made specifically subject to this Agreement and Section II.b herein.

l. The term **"Force Majeure"** as employed in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either City or Developer is required to obtain easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost,

and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

m. **Default Remedies, Notice and Cure Rights.** If Developer fails to perform any of the covenants or obligations imposed upon it in this Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then City may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by City. If City fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Developer shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Developer fails to cure under this Section, City may seek to impose liability or a remedy on Developer under this Agreement or Applicable Law whether in equity or otherwise.

III. **Term and Termination**.

a. The initial term of this Agreement (the "**Initial Term**") shall commence on the Effective Date and end on the date that is ~~[49?~~75 years after the Effective Date. Developer shall be entitled to extend the Initial Term for additional periods of ~~[5]~~10 years (each such extension a "**Renewal Term**") until such time that Developer's obligations under state and federal law relating to the Facilities are satisfied, on the same terms and conditions set forth in this Agreement, by delivering written notice of its intent to extend to City not sooner than one (1) year and not later than thirty (30) days prior to the expiration of the then-current Initial Term or Renewal Term, as applicable. **[Note to Draft: When we added all the timelines for Exclusivity, Exclusivity extension, Injection, and EPA- required monitoring, 65 years was too close. We propose 75 years.]**

It is understood that if (i) Developer does not submit a permit application under the U.S. Environmental Protection Agency ("**EPA**") or any other applicable federal, state, or local permitting authority ("**Applicable Permit**") ~~{Should this be defined as~~during the ~~"~~Exclusivity Period~~" similar to the other document?]within twenty-four (24) months~~ as defined by Section 5 of the ~~Effective Date~~Fee Agreement (which period shall be extended pursuant to Section 5 of the Fee Agreement, or on a day for day basis in the event (i) the pendency of an application for an Applicable Permit exceeds this period, or (ii) the failure to timely submit such Applicable Permit is caused by the City or a Force Majeure event, as defined in Section II.l herein), or (ii) at any time following the approval of such Applicable Permit, Developer has not performed the Intended Use of the Land for a period of twenty-four (24)

consecutive months, except to the extent such failure to perform the Intended Use is caused by the City or a Force Majeure event, then said Land and all rights granted to Developer in this Agreement shall thereupon terminate and revert to City, its successors and assigns. For the avoidance of doubt, City acknowledges and agrees that, for the purposes of this Section, the submission of an application for an Applicable Permit prior to the expiration of the period stated and the active pendency of an Applicable Permit which exceeds the period stated shall satisfy the requirements of this provision, and that, for the purposes of this Section, pursuant to Section II.d herein, the Intended Use of the Land by Developer shall include, but not be limited to, the Sequestration and passive storage of Permitted Substances, without more, in the Geologic Storage Complex, or Developer's construction and maintenance of the Facilities, Developer conducting one or more activities or operations permitted or contemplated by this Agreement. Developer shall also have the right to terminate this Agreement at any time upon sixty (60) days' prior written notice.

b. **Removal of Facilities Upon Termination or Expiration.** Upon the expiration or termination of this Agreement, Developer shall be responsible, at Developer's sole discretion and cost, to either (i) remove all or a portion of the equipment on the surface of the Land, as may be deemed necessary, and restore the Surface Locations (as nearly as practicable) to its condition prior to the installation of such Facilities and Surface Locations, or (ii) to abandon such Facilities and Surface Locations in place, in which case ownership of such Facilities and Surface Locations shall pass to City.

Notwithstanding anything to the contrary in this Agreement, the Permitted Substances shall remain in the Geologic Sequestration Facility indefinitely, and Developer shall retain title to the Permitted Substances injected into the Geologic Sequestration Facility; provided, however, if at any time, following completion of Sequestration of any Permitted Substances into the Geologic Storage Complex or otherwise, any governmental or quasi-governmental entity, including, but not limited to, the State of Texas, the United States government, any county, municipal, or local governmental entity, or any other entity formed by or otherwise authorized to fulfill such purpose, assumes responsibility for the Geologic Storage Complex pursuant to Applicable Laws, and in connection therewith requests or requires that this Agreement be assigned, released, canceled or terminated, the Parties shall cooperate in good faith with any such request or requirement, including by executing any commercially reasonable instrument requested or required to memorialize the foregoing. This Agreement shall remain in effect for so long as Developer continues to use the Land.

IV. Chapter 380 Incentives

a. **Ad Valorem Taxes**. Subject to the abatement provided under this Agreement, Developer shall be responsible for payment of any ad valorem

property taxes assessed against the personal property of Developer installed on the Land under the terms of this Agreement, which shall be billed separately from any taxes assessed against the real property of City; provided, however, City shall be responsible for all ad valorem taxes assessed for the Land.

b. **Tax Abatement**. The tax abatement provided for in this Agreement for the Facilities shall be effective on _____ valuation date as authorized by Section 312.204 of the Texas Tax Code and Section 380.001 of the Texas Local Government Code. Pursuant to the Program, during each year that this Agreement is in effect, the appraised value of the personal property of Developer installed on the Land under the terms of this Agreement shall be reduced by an amount equal to [**0.05%**]. Payment of fees and other amounts under the Fee Agreement, as defined below, shall be considered payment in lieu of any and all taxes due on the personal property of Developer.

V. Concurrent Fee Agreement

a. **Concurrent Fee Agreement.** City and Developer acknowledge that this Agreement is executed contemporaneously with that certain Fee Agreement by and between City and Developer (the **"Fee Agreement"),** which Fee Agreement sets forth the fees and other compensation payable by Developer to City for and in connection with activities and uses of the Land. City agrees that the consideration paid by Developer to City pursuant to the Fee Agreement includes payment for damages, revegetation, roads, and fences to City, the Land, and City's lessees, easement holders, licensees, permittees or other third parties conducting operations or having rights to the Land for all of Developer's rights and activities permitted under this Agreement and that no additional consideration shall be due or payable by Developer to City or such third parties, except as expressly set forth in the Fee Agreement or in this Agreement. Except for any ingress and egress rights required to conduct monitoring activities with respect to the Geologic Storage Complex and provisions that expressly survive the termination of this Agreement or the Fee Agreement, as applicable, or as otherwise expressly provided herein or therein, the Fee Agreement and this Agreement shall run concurrently and the Fee Agreement shall terminate upon any termination of this Agreement, and neither City nor Developer shall have any further rights or obligations hereunder or thereunder upon any such termination with respect to such Agreement.

VI. Miscellaneous

a. **Texas Boycott Prohibitions**. To the extent required by Texas law, Developer verifies that: (1) It does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, as defined in Texas Government Code § 2274.001, and that it will not during the term of the contract discriminate against a firearm entity or firearm trade association;

(2) It does not "boycott Israel" as that term is defined in Texas Government Code § 808.001 and it will not boycott Israel during the term of this contract; and (3) It does not "boycott energy companies," as those terms are defined in Texas Government Code §§ 809.001 and 2274.001, and it will not boycott energy companies during the term of the Agreement.

b. **Notices**. All notices required or permitted to be given under this Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b) certified or registered mail, return receipt requested, in either case with a copy by email:

If to City:

City of Beaumont
Attn: [name]
[street address]
[city, state, zip code]
With copy to: [email]

[Note to City: Please complete.]

If to Developer:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

c. **Applicable Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Agreement, jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

d. **Headings.** The Section headings are used herein for convenience only and shall not be considered a part of this Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Agreement.

e. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent,

this Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

f. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same Agreement and shall be binding upon the parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

THUS DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

CITY:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

City Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY OF _____

On this _____day of _____, 202_, before me, appeared, _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

DEVELOPER:

WITNESSES

_____

Printed Name:_____

_____

Printed Name:_____

Developer Name

_____

By:_____

Its:_____

STATE OF _____

COUNTY OF _____

On this_____ day of _____, 202_, before me, appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the _____ of _____, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

_____

Signature of Notary Public

Notary's name printed:_____

My commission expires:_____

EXHIBIT "A"

Attached hereto and made a part of that certain Agreement dated _____, 2023, by and between City of Beaumont, Texas, as City, and Caliche CO2 Sequestration, LLC, as Developer.

Total Exhibit "A" Acreage comprising the Land: _____ acres, more or less.

Legal Description:

It is the intention of the Parties for this Agreement to cover all land and interests owned by City within the outlined Area of Interest as shown on the map attached as Exhibit "B"

Signed for Identification:

_____

Exhibit "B"

Area of Interest

Document comparison by Workshare Compare on Thursday, April 20, 2023 4:53:49 PM

Input:	
Document 1 ID	iManage://uswrkdms.lockelord.net/America/132312702/3
Description	#132312702v3<America> - Caliche - Chapter 380 Agreement and Lease
Document 2 ID	iManage://uswrkdms.lockelord.net/America/132312702/4
Description	#132312702v4<America> - Caliche - Chapter 380 Agreement and Lease
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	20
Deletions	15
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	35

CONFIDENTIAL SEQUESTRATION FEE AGREEMENT

This Confidential Sequestration Fee Agreement (the **"Fee Agreement"),** effective as of the effective date of the Chapter 380 Agreement defined below (the **"Effective Date"),** is entered into by and between:

(1) City of Beaumont, Texas ("**Grantor**"), a municipal entity of the State of Texas whose address is 801 MAIN; and

(2) CDP II CO2 Sequestration, LLC ("**Grantee**"), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

who declares as follows:

In this Fee Agreement, Grantor and Grantee may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS:

WHEREAS, the Parties have executed contemporaneously herewith a certain Chapter 380 Economic Development Agreement And Underground Storage Agreement Between The City of Beaumont and Caliche CO2 Sequestration LLC (the **"Chapter 380 Agreement"),** and all capitalized terms not defined herein shall have the meanings given them in the Chapter 380 Agreement;

WHEREAS, the Chapter 380 Agreement contemplates the granting of a lease under, on, and through the Grantor's property described more fully in the Chapter 380 Agreement (the "**Land**") for the following purposes and uses, subject in each case to the terms, conditions, and limitations set forth in this Chapter 380 Agreement: (i) to inject, sequester, and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, "**Permitted Substances**") within the geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Grantee for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined in Section II.b. of the Chapter 380 Agreement), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, "**Sequestration**"); (ii) to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences, bollards, and similar barriers to protect or enclose any of the foregoing, and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Grantee's equipment and related facilities

(collectively, the "**Facilities**") in such location(s) under, on, and through the Land as Grantee may determine from time to time (the "**Surface Locations**");

WHEREAS, the Chapter 380 Agreement contemplates Sequestration of Permitted Substances, other Intended Use (as defined below) and the drilling, construction, operation and maintenance, amongst other things, of certain Facilities (collectively, the **"Project")** on Land and/or Surface Locations owned or controlled by Grantor in Jefferson County, Texas;

WHEREAS, Grantee and Grantor agreed that, as consideration for the Chapter 380 Agreement and the rights granted Grantee thereunder, Grantee shall pay Grantor certain fees for the Sequestration and other activities related to the Project and reimburse Grantor for certain surface damages in accordance with the Chapter 380 Agreement; and

WHEREAS, the Parties desire to further define the terms and conditions governing the payment of such fees and damages related to the Project.

NOW, THEREFORE, the Parties agree to the following:

1. Concurrent Chapter 380 Agreement. Grantor and Grantee acknowledge that this Fee Agreement is executed contemporaneously with the Chapter 380 Agreement, which sets forth all of the terms and conditions of Grantee's use of the Land for its Sequestration operations, other Intended Use (as defined below) and other activities related to the Project, except for the fees and compensation payable by Grantee for and in connection therewith (including damages caused by Grantee in connection with the construction of Grantee's Facilities and Sequestration operations) and related matters covered by this Fee Agreement. Except for provisions that expressly survive the termination of this Fee Agreement or the Chapter 380 Agreement, as applicable, or as otherwise expressly provided herein or therein, the Chapter 380 Agreement and this Fee Agreement shall run concurrently and this Fee Agreement shall terminate upon any termination of the Chapter 380 Agreement, and neither Grantor nor Grantee shall have any further rights or obligations hereunder or thereunder upon any such termination.

2. Intended Use. The Chapter 380 Agreement contemplates the Grantee's use of the Land for its Sequestration operations, including construction and maintenance of Facilities, and all other purposes and uses expressly set forth in the Chapter 380 Agreement (the "**Intended Use**"). Grantee shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Fee Agreement and the Chapter 380 Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (e.g., a power plant or industrial plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the "**Carbon Oxides Stream**").

3. Establishment of Sequestration Zone. The Parties agree that Grantee may, in its sole discretion, contribute, combine or pool any and all of the Geologic Storage Complex beneath the Land to or with subsurface pore space(s) beneath other lands (whether owned by Grantor or by third parties) to create a larger subsurface Sequestration area which Grantee may utilize in connection with its Sequestration operations, including the Project (such larger area, a

"Sequestration Zone"). Grantee shall deliver written notice to Grantor that the Land is included in a Sequestration Zone within thirty (30) days of the establishment of said Sequestration Zone, and Grantee shall execute and record in the conveyance records of the County(ies) in which such Sequestration Zone is situated an instrument identifying and describing the covered lands. In creating or establishing any Sequestration Zone, Grantee shall proceed at all times in accordance with any applicable rules and/or regulations of the Railroad Commission of Texas, Texas Commission on Environmental Quality, the Environmental Protection Agency, Internal Revenue Service or other applicable governmental authority.

4. Construction Costs. Grantee shall pay all Construction Costs in connection with the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. As used in this Fee Agreement, **"Construction Costs"** means any and all actual out-of-pocket costs and expenses for the Facilities, including: (a) actual costs of materials used, including fabrication charges, freight, and taxes; (b) costs of any and all survey, design, engineering, drilling, construction, installation, inspection, and testing performed by third parties or by employees of Grantees and/or its affiliates; (c) costs for obtaining any permits, licenses, rights-of-way, and easements; and (d) expenses, including salaries, payroll taxes, benefits, overhead and transportation, meals, and lodging, incurred by third parties or by employees of Grantee and/or its affiliates in performing all or any portion of the survey, design, engineering, drilling, construction, installation, inspection, and testing of the Facilities. Customer agrees that any or all of the work may be performed by qualified employees of Grantee and/or its affiliates and their respective independent contractors.

5. Initial Payment for Exclusive Right to Sequestration. Upon the Effective Date, Grantee shall have, for a period of twenty (24) months from the Effective Date, the sole and exclusive right to perform activities in connection with the Project on the Land and/or Surface Locations, as defined in the Chapter 380 Agreement (the **"Exclusivity Period"**) (which period shall be extended on a day for day basis in the event (i) the pendency of an application for an Applicable Permit, as defined in Section III.a. of the Chapter 380 Agreement, exceeds the Exclusivity Period, or (ii) the failure to commence the Intended Use within the Exclusivity Period is caused by the Grantor or a Force Majeure event, as defined in Section 13 herein). In the event that Grantee has not commenced with the Intended Use, as defined in the Chapter 380 Agreement, prior to the expiration of the Exclusivity Period, as may be extended per the terms of this Section, Grantee shall have the option to submit a one-time payment in the amount of one hundred thousand and No/100 Dollars ($100,000.00) to extend the Exclusivity Period by an additional twenty-four (24) months.

Without limiting the foregoing and notwithstanding anything in the Chapter 380 Agreement to the contrary, the Parties agree that, upon the expiration of the Exclusivity Period, any portion of the Land which is not included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, together with an additional one thousand foot (1,000') buffer area lying outside of and surrounding the geographical confines or surface area of any such Geologic Storage Complex and/or Sequestration Zone, shall be released from and no longer subject to the Chapter 380 Agreement or this Fee Agreement. For the avoidance of doubt, the Parties agree that, with respect to any portion of the Land included within the geographical confines or surface area of a Geologic Storage Complex and/or Sequestration Zone, plus a one thousand foot (1,000') buffer area around such Geologic Storage Complex and/or Sequestration

Zone, the Chapter 380 Agreement and this Fee Agreement shall continue in force and effect pursuant to the terms of the Chapter 380 Agreement, including for all periods both before and after the foregoing Exclusivity Period.

6. Payment upon Commencement of Drilling Operations for Individual Surface Location(s). Upon the commencement by Grantee of drilling operations for individual Surface Locations, and the installation of associated Facilities, Grantee shall submit a one-time payment to Grantor in the amount equal to one hundred thousand and No/100 Dollars ($100,000.00) per injection well as additional compensation under this Fee Agreement (the **"Drilling Payment"**).

7. Payment for Surface Damages. The Parties have mutually agreed that the submission of any Drilling Payment paid by Grantee under this Fee Agreement includes adequate consideration for damages to and the repair of the Land, Surface Locations, revegetation, roads, and fences to the extent solely and directly caused by or resulting from the survey, drilling, construction, and installation of any Facilities, use of the Geologic Storage Complex, or Grantee's Sequestration operations or exercise of other rights granted under the Chapter 380 Agreement by Grantee. Notwithstanding anything contained in the Chapter 380 Agreement or this Fee Agreement to the contrary, in no event and under no circumstances shall Grantee be responsible for any indirect, incidental, punitive, exemplary or consequential damages (whether for breach of any representation, warranty, or covenant in this Fee Agreement, the Chapter 380 Agreement, or any document executed in connection herewith).

8. Payment upon Injection and Sequestration. The Parties hereby agree that, upon commencement of commercial injection, Sequestration or storage of the Carbon Oxides Stream within the Geologic Storage Complex, Grantee shall make quarterly payments (the **"Volumetric Royalty")** in an amount equal to one Dollar ($1.00) per metric ton of Carbon Oxides Stream (the **"Injected Substances")** that is injected into the Geologic Storage Complex and/or Sequestration Zone (subject to proportionate adjustment required herein), as measured by Grantee at the time of injection during the applicable preceding calendar quarter.

(a) **First Payment.** The first Volumetric Royalty shall be made on or before the first day of the calendar month that is four (4) full calendar months following the first date of such injection (*e.g.,* if the first injection occurs on January 20, the first Volumetric Royalty will be due on June 1).

(b) **Subsequent Payments.** Thereafter, Grantee shall make payment of the Volumetric Royalty to Grantor no later than thirty (30) days after the end of the calendar quarter within which injections were made.

(c) **Minimum Annual Payment.** Grantee shall be permitted, but not have the obligation, to inject any volume of Injected Substances into the Geologic Storage Complex in any calendar year during the term of this Fee Agreement, provided however, that beginning on the first day of the calendar year following the commencement of commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex, should the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Volumetric Royalty that would otherwise be owed for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances, or two hundred fifty thousand and No/100 Dollars ($250,000.00) based on an amount equal

to one Dollar ($1.00) per metric ton (the **"Minimum Annual Payment"**), Grantee shall submit payment in the amount of the difference between the total amount of Volumetric Royalty payments made in the affected calendar year and the Minimum Annual Payment. This payment shall be made to Grantor no later than sixty (60) days after the last day of the affected calendar year, and this payment shall be the sole and exclusive remedy to Grantor in the event that the total amount of Volumetric Royalty payments made in any calendar year amount to less than the Minimum Annual Payment. To the extent that (i) Grantee enters into a contract in the state of Texas with another party containing comparable economic and volumetric terms to this Fee Agreement (**"Comparable Contract"**), (ii) such Comparable Contract provides for a Minimum Annual Payment that exceeds the Minimum Annual Payment set forth in this Fee Agreement, and (iii) such Minimum Annual Payment is calculated based on a Volumetric Royalty paid for the injection of two hundred fifty thousand (250,000) metric tons of Injected Substances or fewer, then no later than the month immediately following the commencement of injection under such Comparable Contract, Grantee and Grantor will execute an amendment memorializing a modification of the Minimum Annual Payment under this Section to equal the Minimum Annual Payment under such Comparable Contract.

(d) **Metering and Monitoring.** Grantee, at its sole cost and expense, shall install and maintain appropriate metering and monitoring equipment to measure and record the actual volumes of Injected Substances associated with the Project in accordance with industry standards **("Metering Equipment").** Subject to the limitations discussed herein, the Volumetric Royalties shall be based upon the measured quarterly aggregate of Injected Substances volumes recorded by the Metering Equipment. The Parties further agree that the type of Metering Equipment installed is within the sole discretion of Grantee as operator of the Project.

9. Payment for Continued Monitoring. The Parties hereby agree that, upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased, Grantee shall, for a period of fifty (50) calendar years thereafter (the "**Monitoring Period**"), make annual payments in an amount equal to fifty thousand and No/100 Dollars ($50,000.00) for continued monitoring of the Injected Substances in the Geologic Storage Complex in accordance with industry standards, including continued access for operation, testing, installation and maintenance of monitoring equipment (the "**Monitoring Payment**").

In the event that during the Monitoring Period Grantee determines that commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex may resume, Grantee shall have the option to cease the Monitoring Period along with subsequent Monitoring Payments and recommence commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex upon written notice to Grantor, and a renewed fifty (50) calendar year Monitoring Period along with subsequent Monitoring Payments shall commence upon Grantee's notice to Grantor that all commercial injection, Sequestration or storage of the Injected Substances within the Geologic Storage Complex has ceased.

10. Adjustment to Volumetric Royalty in Connection with Grantor's Net Ownership Interest. In the event Grantor's Land is contributed, combined or pooled to or with other lands/pore space(s) to create a Sequestration Zone, Grantor's Volumetric Royalty shall be adjusted **("Adjusted Volumetric Royalty")** to reflect Grantor's proportionate ownership of lands on a surface acreage basis within Sequestration Zone, consistent with the following example: Assume (1) the Sequestration Zone comprises 3,000 acres, and (2) the Grantor's undivided ownership of land or of pore space within the Sequestration Zone comprises 300 acres. The Volumetric Royalty will be adjusted as follows:

300 acres ÷ 3,000 acres x Volumetric Royalty = Adjusted Volumetric Royalty

11. Binding Agreement; Assignment. The terms of this Fee Agreement shall constitute real rights running with Grantor's right, title and interest in and to the Land and the Geologic Storage Complex, as applicable, and shall be binding upon the representatives, heirs, executors, administrators, successors, and assigns of Grantor, for the benefit of Grantor and Grantee, and their successors and assigns. This Fee Agreement shall not be assignable by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld. An associated transfer by a Party of substantially all of its assets to another entity (whether in one transaction or a series of transactions), or the merger or consolidation of a Party with another entity, or the transfer of a controlling ownership interest of such Party, will be deemed to constitute an assignment.

12. Ratification; Conflicts. The Chapter 380 Agreement remains in full force and effect and is hereby ratified by the Parties. To the extent there is any conflict between the terms of this Fee Agreement and the terms of the Chapter 380 Agreement, the applicable terms of the Chapter 380 Agreement shall control.

13. Force Majeure. The term **"Force Majeure"** as employed in this Fee Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either Grantor or Grantee is required to obtain Easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost, and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

14. Default, Remedies, Notice and Cure Rights. If Grantee fails to perform any of the covenants or obligations imposed upon it in this Fee Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then Grantor may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by Grantor. If Grantor fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Grantee shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Grantee fails to cure under this Section, Grantor may seek to impose liability or a remedy on Grantee under this Fee Agreement or Applicable Law whether in equity or otherwise.

15. Limitation of Liability and No Consequential Damages. THE PARTIES HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS FEE AGREEMENT OR CONCURRENT CHAPTER 380 AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY OR ITS AGENTS OR AFFILIATES SHALL BE LIABLE OR BEAR RESPONSIBILITY FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES IN ANY KIND OR MANNER, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOST REVENUE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

16. Notices. All notices required or permitted to be given under this Fee Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b) certified or registered mail, return receipt requested, in either case with a copy by email:

If to Grantor:

City of Beaumont
Attn: Kenneth Williams
801 Main Street

Beaumont, Texas 77701
With copy to: kenneth.williams@beaumonttexas.gov

If to Grantee:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

17. Applicable Law. THIS FEE AGREEMENT AND THE CHAPTER 380 AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Fee Agreement, exclusive jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

18. Headings. The Section headings are used herein for convenience only and shall not be considered a part of this Fee Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Fee Agreement.

19. Severability. If any provision of this Fee Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, this Fee Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Fee Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

20. Counterparts. This Fee Agreement may be executed in several counterparts, each of which shall be an original of this Fee Agreement but all of which, taken together, shall constitute one and the same agreement and shall be binding upon the parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

GRANTOR:

WITNESSES

Printed Name: CHRIS BOONE

Printed Name: Sondra Davis

Grantor Name

By: Kenneth R. Williams

Its: City Manager

STATE OF Texas

COUNTY/COUNTY OF Jefferson

On this 10 day of May, 2023 before me, appeared, Kenneth R. Williams, to me personally known, who, being by me duly sworn, did say that he/she is the City Manager of the City of Beaumont, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

CATHERINE SAUR ALLEN
My Notary ID # 132300044
Expires January 3, 2024

Signature of Notary Public

Notary's name printed: Catherine Saur Allen

My commission expires: January 3, 2024

GRANTEE:

WITNESSES

Printed Name: Rachael Beavers

Printed Name: Brandon Lobb

Grantee Name : CDP II SEQUESTRATION, LLC

By: DAVID R. MARCHESE

Its: CEO

STATE OF Texas

COUNTY/COUNTY OF Harris

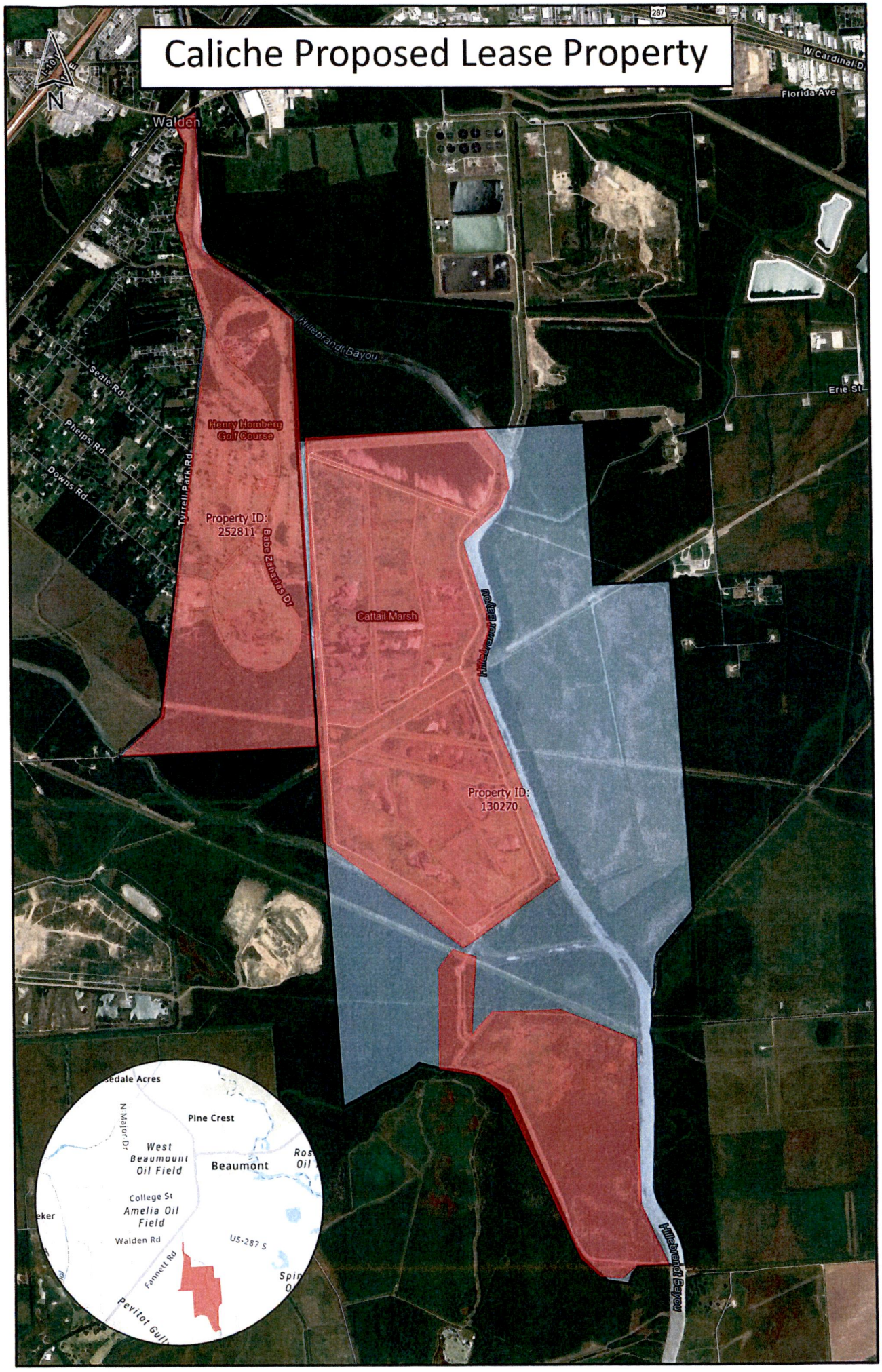
On this 4th day of May, 2023, before me, appeared David R Marchese to me personally known, who, being by me duly sworn, did say that he/she is the CEO of CDP II Sequestration, LLC, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

LINDA BRIONES
Notary Public, State of Texas
Comm. Expires 04-29-2025
Notary ID 3556823

Signature of Notary Public

Notary's name printed: Linda Briones

My commission expires: 04-29-2025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N
Walden
287
W Cardinal Dr
Florida Ave
Hillebrandt Bayou
Erie St
Seale Rd
Phelps Rd
Downs Rd
Tyrrell Park Rd
Henry Homberg Golf Course
Property ID: 252811
Bebe Zahnlis Dr
Cattail Marsh
Hillebrandt Bayou
Property ID: 130270
Hillebrandt Bayou
Pine Crest
West Beaumount Oil Field
Beaumont
College St
Amelia Oil Field
Walden Rd
US-287 S
Fannett Rd
N Major Dr

STATE OF TEXAS §
§
COUNTY OF JEFFERSON §

CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT AND UNDERGROUND STORAGE AGREEMENT BETWEEN THE CITY OF BEAUMONT AND CALICHE CO2 SEQUESTRATION LLC

This Underground Storage Agreement and Chapter 380 Economic Development Agreement (the **"Agreement"),** is entered into effective as of the _____, 2023 (the **"Effective Date")** by and between:

(1) City of Beaumont, Texas **("City")** a municipal entity of the State of Texas, whose address is 801 MAIN; and

(2) CDP II CO2 Sequestration, LLC (**"Developer"**), a Delaware limited liability company, whose address is 919 Milam Street, Suite 2425, Houston, Texas 77002;

(3) In this Agreement, City and Developer may be referred to collectively as the **"Parties"** and individually as a **"Party."**

RECITALS

WHEREAS, Article 3, Section 52A, Texas Constitution, authorizes the Legislature to enable cities and counties to implement programs for the public purposes of economic development under which cities and counties may provide financial incentives for the purposes of stimulating local economic development and business and commercial activity; and

WHEREAS, Chapter 380 of the Texas Local Government Code ("**Chapter 380**") provides the statutory authority for the City to establish and administer a program, including the grant of real property interests, provision of tax incentives, and the making of loans and grants of public money, to promote state and local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the City finds that the administration of a program that will grant real property interests and provide tax incentives to the Developer related to certain property (the "**Program**") would promote local economic development and stimulate business and commercial activity within the City; and

WHEREAS, the Developer will construct Facilities, as defined herein, in the City and has applied for the Program to locate the Facilities in the City; and

WHEREAS, the Parties desire to enter into this Agreement pursuant to Chapter 380 and Article 3, Section 52A of the Texas Constitution (collectively, the "**Legal Authorities**") in order

to provide grants of real property interests, tax incentives, loans, and money in accordance therein; and

WHEREAS, the City recognizes the positive economic impact the Facilities and the revenues generated by the Facilities, as defined herein, will have on the City and wishes to provide incentives to Developer to assist in the construction and operation of the Facilities, thereby contributing toward the further economic development and growth of the City; and

WHEREAS, the City wishes to encourage Developer to construct the Facilities, and the City finds that this Agreement embodies an eligible program and clearly promotes economic development in the City, and as such, meets the prerequisites under the Legal Authorities and further is in the best interests of the City; and

WHEREAS, the City Council of Beaumont finds that this Agreement contains sufficient controls to ensure that the Program is carried out according to all applicable laws; and

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, agreements, services, obligations, covenants, and benefits set forth in this Agreement, the City and Developer agree and contract as follows:

I. Authorization

a. City's execution and performance of this Agreement is authorized pursuant to Chapter 380 of the Texas Local Government Code; Article 3, Section 52A of the Texas Constitution; and pursuant to the City's Chapter 380 Economic Development Policy. The City hereby represents and warrants to Developer that the City has full constitutional and lawful right, power and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all necessary City proceedings, findings, and actions. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of the City, is enforceable in accordance with its terms and provisions, and does not require the consent of any other governmental authority.

b. Developer hereby represents and warrants to the City that Developer has full constitutional and lawful right, power, and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all actions necessary. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of Developer, is enforceable in accordance with its terms and provisions, and does not require the consent of any other authority or entity.

II. Lease

a. **Grant and Purpose.** KNOW ALL MEN BY THESE PRESENTS, for and in consideration of the sum of Ten dollars ($10.00) in hand paid by Developer to City, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, City does hereby let and lease to Developer, its affiliates, and their respective successors and assigns, the City's property described more fully on Exhibit A attached hereto and a made a part hereof (the **"Land")** for the following purposes and uses, subject in each case to the terms, conditions and limitations set forth in this Agreement:

i. to inject, sequester and store carbon oxide and carbon dioxide, together with liquids, gases, other vaporous, gaseous, solid or liquid substances, associated with, contained in, or incidental to the storage and injection of carbon oxide and carbon dioxide, and all constituent and associated products, including without limitation the Carbon Oxides Stream (defined below) (collectively, **"Permitted Substances"**) within the Geologic Storage Complex (defined below), and to maintain, preserve and protect the integrity of said Geologic Storage Complex (collectively, **"Sequestration");**

ii. to access, drill, investigate, survey (whether geophysically or otherwise), locate, construct, maintain, inspect, test, repair, alter, change, remove, abandon-in-place, replace, enlarge, expand, dispose of and operate any and all appurtenances and facilities, buildings and improvements reasonably useful or necessary to Sequestration, whether above or below the surface of the Land, including without limitation injection, test and monitor wells, well pads, downhole equipment, utility and communication lines, monitoring equipment, pipelines, valves, cathodic protection, conduits, pumping and compression equipment, metering equipment and other related structures, roads and bridges, and fences bollards and similar barriers to protect or enclose any of the foregoing and any other appurtenances that may be necessary or desirable in connection with the operation, maintenance, and protection of Developer's equipment and related facilities (collectively, the **"Facilities"**) in such location(s) under, on, and through the Land as Developer may determine from time to time (the **"Surface Locations"**), it being expressly agreed that Developer shall have the right to drill through and under the subsurface of the Land in order to access and conduct Sequestration activities within the Geologic Storage Complex; and

iii. to take such other actions, and access and install such Facilities as may be or become necessary for Developer to comply with, maintain, satisfy or qualify the Sequestration operations and Facilities under and pursuant to the requirements of any and all Applicable Laws (defined below), including without limitation 26 U.S.C. § 45Q, Credits (defined below),

the California Low Carbon Fuel Standard, Cal. Code Regs. tit. 17 §§ 95480-95503 (2018), the California Global Warming Solutions Act of 2006, Cal. Health & Safety Code §§ 38500-38599, and the Carbon Capture and Sequestration Protocol under the Low Carbon Fuel Standard (August 13, 2018) or any other related guidelines promulgated or otherwise issued by the California Air Resources Board (**"CARB"**), and Texas Water Code § 27, in each case as the same may be amended, replaced or superseded from time to time.

TO HAVE AND TO HOLD the above described Land, together with all rights necessary or incidental thereto which are or may be required to accomplish the purposes and uses hereby permitted and granted unto the said Developer, its successors and assigns, and City agrees with Developer and Developer's successors in title and assigns that the rights herein granted shall be real rights running with the Land (including the Surface Locations and the Geologic Storage Complex) and be binding upon City, City's heirs, legal representatives and successors in title. This Agreement is personal to Developer and shall not be an easement or right-of-way declared or granted for the public's benefit whatsoever.

b. **Geologic Storage Complex**. The geographic and stratigraphic boundaries of the subsurface pore space(s) and related confining area(s) under the Land to be used by Developer for Sequestration (collectively, the "**Geologic Storage Complex**") shall initially be defined by reference to the Covered Depths (as defined below). From and after the Effective Date, Developer shall have the right, but not the obligation, to (a) update, correct or supplement this Agreement to provide for a more complete or accurate description of the boundaries of the Land, including any Surface Locations, Facilities and the Geologic Storage Complex, or (b) release any portion(s) of the Land, Surface Locations, Facilities or Geologic Storage Complex from this Agreement, and in either case City agrees to execute any such instrument for purposes of recording same in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. At its sole option, and to the extent the Lands subject to this Agreement does not include the entire physical boundaries of City's property, Developer shall be entitled to expand or enlarge the amount of Land covered by this Agreement in the event such expansion or enlargement represents less than a twenty percent (20%) aggregate increase in the total surface area of the Land originally covered hereby (but in City's sole discretion for any such expansion or enlargement that represents a twenty percent (20%) or greater aggregate increase in the total surface area of such Land), except pursuant to an order or judgment (e.g., in the nature of an expropriation) issued by a federal or state court or other agency having competent jurisdiction and in compliance with the applicable rules and regulations of such court or other agency. In such event, the expansion or enlargement of the Land or Geologic Storage Complex shall be evidenced by a written instrument, which shall be recorded in the conveyance records of the County(ies) wherein the Land or Geologic Storage Complex are situated. Further, after completion or

establishment of the Geologic Storage Complex (including any subsequent reduction, alteration or expansion), Developer shall furnish City a plat depicting the boundaries of the Geologic Storage Complex. The Geologic Storage Complex covers and includes all strata and pore space(s) not containing hydrocarbon minerals or otherwise encumbered beneath the Land contained within the stratigraphic interval starting at either _____ feet or at the base of the _____, hereby defined as the stratigraphic equivalent of that point found at a depth of _____ feet on the Log on the _____Well, Serial No. _____, API No. _____, located in Section _____, T _____, R _____, _____County, Texas, whichever depth is shallower, and to all depths below (the **"Covered Depths"**), with rights to all rock and associated pore space(s) within such rock at depths other than the Covered Depths reserved unto City (but subject to the requirements of this Section).

City shall have the right to carry on, in and under the Land, such operations necessary for and in connection with discovery, extraction, utilization, removal and sale of all minerals above and below the Covered Depths subject to: (i) any requirement or restrictions imposed by Applicable Law; or (ii) the limitations set forth below. However, City's rights are to be exercised so as not to unreasonably interfere with, and with due regard for, the operations to be carried on by Developer in accordance with this Agreement. Further, for any oil, gas or similar well **("O&G Well"),** or water well, salt water disposal well, or similar well on the Land, City agrees that such wells must be completed at a total depth of five hundred feet (500') or greater above the Covered Depths and may not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. Further, an O&G Well may also be directionally drilled and completed at a total depth five hundred feet (500') or greater below the Covered Depths if it does not otherwise penetrate into or through or otherwise compromise the integrity of the Geologic Storage Complex. For the avoidance of doubt, under no circumstances shall City drill or permit to be drilled into or through, or otherwise store, inject, or withdraw any substances within the Geologic Storage Complex, including without limitation via any O&G Well or any water well, salt water disposal well, or similar well. For each O&G Well and each water well, salt water disposal well, or similar well on (or near, in the case of a directionally drilled well that is completed above or below the Geologic Storage Complex) the Land that otherwise complies with this Section, City agrees to the following: (a) if an O&G Well is completed as a producer of oil and/or gas and pipe is set in such well, City will not perforate, stimulate or produce oil, gas, or any other substances from the Covered Depths, nor will City perforate or withdraw from or inject into any substance at any water well, salt water disposal well, or similar well within the Covered Depths; and (b) if an O&G Well or water well, salt water disposal well, or similar well is plugged and abandoned, City will do so in accordance with Applicable Laws and the requirements of Section II.j.

c. **Access/Use.** During construction and installation of the above and below ground Facilities, and in connection with the use, operation and maintenance of the Geologic Storage Complex and the Facilities, Developer and its employees, agents, contractors (and any contractor's employees, subcontractors, agents, representatives, invitees, licensees and suppliers), representatives, invitees, licensees and suppliers shall have the right of ingress and egress upon or within existing roads located on the Land; provided, however, that if Developer lacks reasonable vehicular access to any Surface Locations, Developer, with input and approval from City, which shall not be unreasonably withheld, conditioned, or delayed, shall have the right to construct new or replacement roads as necessary to provide and maintain such access, but that shall not hinder the City's use of the Land. At all times, Developer shall maintain and grade all roads primarily utilized by Developer for Sequestration on the Land in an all-weather condition, passable for vehicular traffic. Any damage to existing or new roads caused directly by Developer shall be the responsibility of Developer and shall be promptly repaired by Developer with the same material as originally constructed or using a material reasonably designated by City. Any damage to existing or new roads caused by the City or those utilizing roads with permission of City shall be the responsibility of City and shall be promptly repaired by City with the same material as originally constructed or using a material reasonably designated by Developer. In repairing roads, each Party shall use commercially reasonable efforts to fill in or level any ditches or depressions caused by such Party. Except to the extent such access roads are deemed to be public access, Developer agrees to keep City's gates closed and locked when not in use by Developer; provided, however, that City shall provide Developer with a key or other means of access to and through such gates. Further, in connection with the initial construction of the Facilities, Developer shall have the right to conduct topographic, environmental, archeological, geophysical, and boundary surveys of the Land, including with respect to the Geologic Storage Complex.

d. **Intended Use.** The Land, including any Surface Locations, Facilities and the Geologic Storage Complex, may be used by Developer for its Sequestration operations, including construction, maintenance, and monitoring of Facilities, and all other purposes and uses expressly set forth in this Agreement (the **"Intended Use").** Developer shall conduct all operations in or under the Land as a reasonably prudent operator. For all purposes of this Agreement, the Intended Use shall expressly, but without limitation, include the Sequestration of carbon oxide and carbon dioxide that has been captured from an emission source (*e.g.*, a power plant or gas processing plants), plus incidental associated substances derived from the source materials and the capture process, and any substances added to the stream to enable or improve the injection process, as such terms are defined at 40 C.F.R. §§ 146.81(d), 260.10, and/or otherwise further described in the preamble at 79 Fed. Reg. 350 (Jan. 3, 2014) (the **"Carbon Oxides Stream").** Developer shall not possess, occupy or use the Land in violation of any federal, state or local laws or regulations applicable to

Developer, Developer's Sequestration operations, or Developer's use or operation of the Servitude, including without limitation the Intended Use (**"Applicable Laws"**). It shall further be Developer's sole responsibility to ensure that the Intended Use complies in all material respects with zoning, use restrictions, applicable Permitted Exceptions (defined below) or similar legal limitations applicable to the Land, including without limitation any fire prevention, environmental or safety requirements imposed by Applicable Laws.

e. **Pipelines and Surface Locations.** Developer shall have the right to construct one or more pipelines within a pipeline right-of-way upon the Land; provided the pipeline right-of-way (right of egress and ingress) associated with each pipeline shall not exceed sixty feet (60') in total width. To the extent any pipeline right-of-way exists upon the Land, Developer shall use such right-of-way if such use is practicable and economically feasible. During construction of said pipeline(s), Developer shall be granted access to additional temporary workspace as needed for construction activities. Any pipeline constructed or utilized by Developer is limited to transportation of only the Carbon Oxides Stream and its constituent compounds for Sequestration or such other products as necessary, in Developer's sole discretion, for maintenance of the Facilities, including all other Permitted Substances.

With respect to the location of (i) any pipeline right-of-way that is not colocated in a then-existing pipeline right-of-way or (ii) any Facilities within those portions of the Land where Developer is permitted to place Facilities, Developer shall notify the City of the proposed location of such Facilities, and the City shall have thirty (30) days to provide written objection and reasons for such objection to Developer. If the City fails to object to the applicable location(s) during such thirty day period, any objections shall be deemed waived. Upon receipt of City's objection to pipeline right-of-way or Facility location(s), the Parties shall work in good faith to address the City's reasons for such objections.

Developer shall maintain all Surface Locations in good condition (ordinary wear and tear excepted). Further, with respect to any pipeline-related Surface Location, Developer shall, as soon as reasonably possible: (i) remove therefrom all debris which may be the product of any maintenance or construction work by Developer; (ii) restore and grade the surface of said Surface Location to, as nearly as can reasonably be done, a similar condition as existed immediately prior to any such operations, maintenance or construction work; (iii) remediate vegetation and soil erosion problems as is reasonable and practicable; and (iv) keep the pipeline-related Surface Locations clear of underbrush, trees and other growths, obstructions and hazards of any kind, in compliance with Applicable Laws.

f. **Seismic.** Developer expressly retains and reserves the concurrent right to grant third parties seismic, geophysical, and geological permits and to enter into other agreements with third parties, allowing such third parties to conduct

geophysical, geological, or seismic surveys on, over, under, through and across the Land; provided, however, that no such grant or agreement (a) interferes in any material respect with the Sequestration operations, Facilities, or Intended Use, nor (b) shall violate or authorize any acts or uses that would constitute a violation of the requirements of Section II.j or Section II.b. In connection with the Intended Use, City grants to Developer the right to conduct seismic surveys on the Land of the Geologic Storage Complex (including the Covered Depths, as defined below) by means of a torsion balance, seismograph explosions, mechanical device, or any other method, including any activities or methods that may be required pursuant to Applicable Laws, including all applicable certification guidelines. Any seismic testing shall comply with City ordinance.

g. **Warranty.** City covenants with Developer and represents and warrants that City is the lawful fee simple owner and holds full ownership of the Land, and that City has the right and authority to make this grant, and that City will forever warrant and defend the title thereto against all claims whatsoever. However, Developer acknowledges and declares that neither City nor any party whomsoever, acting or purporting to act in any capacity whatsoever on behalf of City, have made any direct, indirect, explicit or implicit statement, representation or declaration, whether by written or oral statement or otherwise, upon which Developer has relied, concerning the existence or non-existence of any quality, characteristic or condition of the Land described herein. This Agreement provides Developer full, complete and unlimited access to the Land for all tests and inspections which Developer, in its sole discretion, deems sufficiently diligent for the protection of Developer's interests, and that all such real property is suitable, if so determined in Developer's sole discretion, for Developer's Intended Use.

h. **City's Cooperation.** City agrees to reasonably cooperate with Developer (when requested in writing, and at Developer's sole cost and expense), which may include locating surface facilities, executing permits or applications, and performing monitoring activities in connection with Developer's efforts to obtain or maintain any permits or governmental authorizations that may be or become required by Applicable Laws in connection with its Sequestration operations.

i. **Credits.** For the avoidance of doubt, it is understood and agreed that Developer shall be exclusively entitled to apply for, collect, receive, obtain, assign, grant, transfer or convey the benefit (directly or indirectly) of all credits, set-offs, payments or other consideration arising out of or in connection with its Sequestration operations, including, without limitation, federal, state, regional and local tax credits, emissions, emissions reduction and renewable energy credits, green pricing programs, green tags, and similar credit trading programs, and environmental credits, set-offs and similar benefits, in each case whether now in existence or hereafter arising (collectively, **"Credits"**). For the avoidance of doubt, nothing contained herein shall be construed to give City any right of ownership in or place any limitation on Developer's exclusive

rights with respect to applying for, collecting, receiving, obtaining, assigning, granting, conveying, or otherwise transferring any such Credits.

j. **Concurrent Use.** So long as the Agreement remains in effect, City shall not access or use, and shall not permit its agents, employees, representatives, tenants, invitees, guests or any third party acting by, through or under City, to access or use the Surface Locations or Facilities; provided, however, that City reserves the right to use (a) any roads or bridges on the Land, including any roads constructed or improved by Developer, and (b) the surface of the Land over any buried or underground Facilities (e.g., pipelines, valves, etc.), so long as City takes reasonable precautions to avoid damage to such roads, bridges, pipelines and valves, and complies with this Agreement and Applicable Law. In addition, City shall otherwise retain full use and enjoyment of the Land, except (i) for the Intended Use herein granted to Developer and (ii) to the extent City's use, or uses by, through or under City, would materially interfere with the Intended Use.

k. **No Mineral Rights.** This Agreement does not affect the minerals underlying the Land. Developer specifically acknowledges and agrees that it is not acquiring any rights in and to the minerals on or underlying the Land via this Agreement and Developer is expressly prohibited from exploring for and/or producing any minerals on, from or under the Land pursuant to this Agreement. Under no circumstances shall Developer be liable to City for any mineral rights trespass claims or claims by mineral servitude or rights holders associated with the Land. Further, City covenants that for any agreement that it enters into after the Effective Date and which may potentially impact the Covered Depths, including a mineral deed or mineral lease, that such agreement shall be made specifically subject to this Agreement and Section II.b herein.

l. The term **"Force Majeure"** as employed in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightening, earthquakes, fires, storms, floods, high water, washouts, or other natural disasters, threat of physical harm or damage resulting in the evacuation or shutdown of facilities necessary for the injection, withdrawal, and storage of the Carbon Oxides Stream or Permitted Substances, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of lines of pipe, the orders of any court, regulatory body or governmental authority having jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court regulatory body or governmental authority or agency having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, which is not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include, instances when either City or Developer is required to obtain easements, rights-of-way grants, permits, certificates or licenses to enable such party to fulfill its obligations hereunder, the inability of such party

to acquire, or the delays on the part of such party in acquiring, at reasonable cost, and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

m. **Default Remedies, Notice and Cure Rights.** If Developer fails to perform any of the covenants or obligations imposed upon it in this Agreement or Applicable Law and except where such failure is excused due to a Force Majeure event (which shall extend the applicable time period one day for each day of such Force Majeure event up to a maximum period of two (2) years), then City may, at its option, send written notice specifying the default which has occurred and the remedy or cure sought by City. If City fails to provide such written notice within ninety (90) days after having actual notice of such default, the default is waived. A waiver of a default or failure to require cure of a default shall not constitute a waiver of any subsequent default. Developer shall have thirty (30) days after its receipt of written notice of its default pursuant to this Section in which to cure the alleged default or to undertake the activities necessary to correct the default if the same cannot be completed within the 30-day period. If Developer fails to cure under this Section, City may seek to impose liability or a remedy on Developer under this Agreement or Applicable Law whether in equity or otherwise.

III. **Term and Termination.**

a. The initial term of this Agreement (the "**Initial Term**") shall commence on the Effective Date and end on the date that is 75 years after the Effective Date. Developer shall be entitled to extend the Initial Term for additional periods of 10 years (each such extension a "**Renewal Term**") until such time that Developer's obligations under state and federal law relating to the Facilities are satisfied, on the same terms and conditions set forth in this Agreement, by delivering written notice of its intent to extend to City not sooner than one (1) year and not later than thirty (30) days prior to the expiration of the then-current Initial Term or Renewal Term, as applicable.

It is understood that if (i) Developer does not submit a permit application under the U.S. Environmental Protection Agency ("**EPA**") or any other applicable federal, state, or local permitting authority ("**Applicable Permit**") during the Exclusivity Period as defined by Section 5 of the Fee Agreement (which period shall be extended pursuant to Section 5 of the Fee Agreement, or on a day for day basis in the event (i) the pendency of an application for an Applicable Permit exceeds this period, or (ii) the failure to timely submit such Applicable Permit is caused by the City or a Force Majeure event, as defined in Section II.l herein), or (ii) at any time following the approval of such Applicable Permit, Developer has not performed the Intended Use of the Land for a period of twenty-four (24) consecutive months, except to the extent such failure to perform the Intended Use is caused by the City or a Force Majeure event, then said Land and all rights granted to Developer in this Agreement shall thereupon terminate and revert to City, its successors and assigns. For the avoidance of

doubt, City acknowledges and agrees that, for the purposes of this Section, the submission of an application for an Applicable Permit prior to the expiration of the period stated and the active pendency of an Applicable Permit which exceeds the period stated shall satisfy the requirements of this provision, and that, for the purposes of this Section, pursuant to Section II.d herein, the Intended Use of the Land by Developer shall include, but not be limited to, the Sequestration and passive storage of Permitted Substances, without more, in the Geologic Storage Complex, or Developer's construction and maintenance of the Facilities, Developer conducting one or more activities or operations permitted or contemplated by this Agreement. Developer shall also have the right to terminate this Agreement at any time upon sixty (60) days' prior written notice.

b. **Removal of Facilities Upon Termination or Expiration.** Upon the expiration or termination of this Agreement, Developer shall be responsible, at Developer's sole discretion and cost, to either (i) remove all or a portion of the equipment on the surface of the Land, as may be deemed necessary, and restore the Surface Locations (as nearly as practicable) to its condition prior to the installation of such Facilities and Surface Locations, or (ii) to abandon such Facilities and Surface Locations in place, in which case ownership of such Facilities and Surface Locations shall pass to City.

Notwithstanding anything to the contrary in this Agreement, the Permitted Substances shall remain in the Geologic Sequestration Facility indefinitely, and Developer shall retain title to the Permitted Substances injected into the Geologic Sequestration Facility; provided, however, if at any time, following completion of Sequestration of any Permitted Substances into the Geologic Storage Complex or otherwise, any governmental or quasi-governmental entity, including, but not limited to, the State of Texas, the United States government, any county, municipal, or local governmental entity, or any other entity formed by or otherwise authorized to fulfill such purpose, assumes responsibility for the Geologic Storage Complex pursuant to Applicable Laws, and in connection therewith requests or requires that this Agreement be assigned, released, canceled or terminated, the Parties shall cooperate in good faith with any such request or requirement, including by executing any commercially reasonable instrument requested or required to memorialize the foregoing. This Agreement shall remain in effect for so long as Developer continues to use the Land.

IV. Chapter 380 Incentives

a. **Ad Valorem Taxes**. Subject to the abatement provided under this Agreement, Developer shall be responsible for payment of any ad valorem property taxes assessed against the personal property of Developer installed on the Land under the terms of this Agreement, which shall be billed separately from any taxes assessed against the real property of City; provided, however, City shall be responsible for all ad valorem taxes assessed for the Land.

b. **Tax Abatement**. The tax abatement provided for in this Agreement for the Facilities shall be effective on date of execution valuation date as authorized by Section 312.204 of the Texas Tax Code and Section 380.001 of the Texas Local Government Code. Pursuant to the Program, during each year that this Agreement is in effect, the appraised value of the personal property of Developer installed on the Land under the terms of this Agreement shall be reduced by an amount equal to [**0.05%**]. Payment of fees and other amounts under the Fee Agreement, as defined below, shall be considered payment in lieu of any and all taxes due on the personal property of Developer.

V. Concurrent Fee Agreement

a. Concurrent Fee Agreement. City and Developer acknowledge that this Agreement is executed contemporaneously with that certain Fee Agreement by and between City and Developer (the **"Fee Agreement"),** which Fee Agreement sets forth the fees and other compensation payable by Developer to City for and in connection with activities and uses of the Land. City agrees that the consideration paid by Developer to City pursuant to the Fee Agreement includes payment for damages, revegetation, roads, and fences to City, the Land, and City's lessees, easement holders, licensees, permittees or other third parties conducting operations or having rights to the Land for all of Developer's rights and activities permitted under this Agreement and that no additional consideration shall be due or payable by Developer to City or such third parties, except as expressly set forth in the Fee Agreement or in this Agreement. Except for any ingress and egress rights required to conduct monitoring activities with respect to the Geologic Storage Complex and provisions that expressly survive the termination of this Agreement or the Fee Agreement, as applicable, or as otherwise expressly provided herein or therein, the Fee Agreement and this Agreement shall run concurrently and the Fee Agreement shall terminate upon any termination of this Agreement, and neither City nor Developer shall have any further rights or obligations hereunder or thereunder upon any such termination with respect to such Agreement.

VI. Miscellaneous

a. **Texas Boycott Prohibitions**. To the extent required by Texas law, Developer verifies that: (1) It does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, as defined in Texas Government Code § 2274.001, and that it will not during the term of the contract discriminate against a firearm entity or firearm trade association; (2) It does not "boycott Israel" as that term is defined in Texas Government Code § 808.001 and it will not boycott Israel during the term of this contract; and (3) It does not "boycott energy companies," as those terms are defined in Texas Government Code §§ 809.001 and 2274.001, and it will not boycott energy companies during the term of the Agreement.

b. **Notices**. All notices required or permitted to be given under this Agreement shall be in writing and shall be considered sufficiently given if delivered to the specified address by (a) hand, courier or overnight delivery service or (b) certified or registered mail, return receipt requested, in either case with a copy by email:

If to City:

City of Beaumont
Attn: Kenneth Williams
801 Main Street
Beaumont, Texas 77701
With copy to: kenneth.williams@beaumonttexas.gov

If to Developer:

Caliche CO2 Sequestration, LLC
Attn: Dave Marchese
919 Milam Street, Suite 2425
Houston, Texas 77002
With copy to: drm@calichestorage.com

A notice shall be effective upon the other Party's receipt of the notice. Either Party may specify a different address for delivery of notices by written notice to the other Party as provided herein.

c. **Applicable Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. With respect to any disputes arising out of or relating to this Agreement, jurisdiction and venue shall be proper in the state and federal courts located in Beaumont, Jefferson County, Texas.

d. **Headings.** The Section headings are used herein for convenience only and shall not be considered a part of this Agreement or used in its interpretation. References to "Sections" herein are to Sections of this Agreement.

e. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, this Agreement shall be modified to the minimum extent necessary to make such provision enforceable. If such modification is not permitted by law, any invalid or unenforceable provision shall be disregarded and the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

f. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same Agreement and shall be binding upon the parties who have executed any counterpart, regardless of whether it is executed by all parties named herein.

[Signature Page Follows]

THUS DONE AND SIGNED on the date or dates herein below written, in the presence of the undersigned competent witnesses and notary, to be effective as of the Effective Date.

COMPLETE SIGNATURE BLOCKS

CITY:

WITNESSES

Printed Name: CHRIS BOOME

Printed Name: Sondra Davis

City Name

By: Kenneth R. Williams

Its: City Manager

STATE OF Texas

COUNTY OF Jefferson

On this 10 day of May, 2023, before me, appeared, Kenneth R. Williams, to me personally known, who, being by me duly sworn, did say that he/she is the City Manager of the City of Beaumont, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

CATHERINE SAUR ALLEN
My Notary ID # 132300044
Expires January 3, 2024

Signature of Notary Public

Notary's name printed: Catherine Saur Allen

My commission expires: January 3, 2024

DEVELOPER:

WITNESSES

Printed Name: Rachael Beavers

Printed Name: Brandon Lobb

Developer Name CDP II SEQUESTRATION, LLC

By: DAVID R. MARCHESE

Its: CEO

STATE OF Texas

COUNTY OF Harris

On this 4th day of May, 2023 before me, appeared David Marchese, to me personally known, who, being by me duly sworn, did say that he/she is the CEO of CDP II Sequestration LLC, and that the foregoing instrument was signed on behalf of said company and that he acknowledged the instrument to be the free act and deed of such company.

LINDA BRIONES
Notary Public, State of Texas
Comm. Expires 04-29-2025
Notary ID 3556823

Signature of Notary Public

Notary's name printed: Linda Briones

My commission expires: 04-29-2025

EXHIBIT "A"

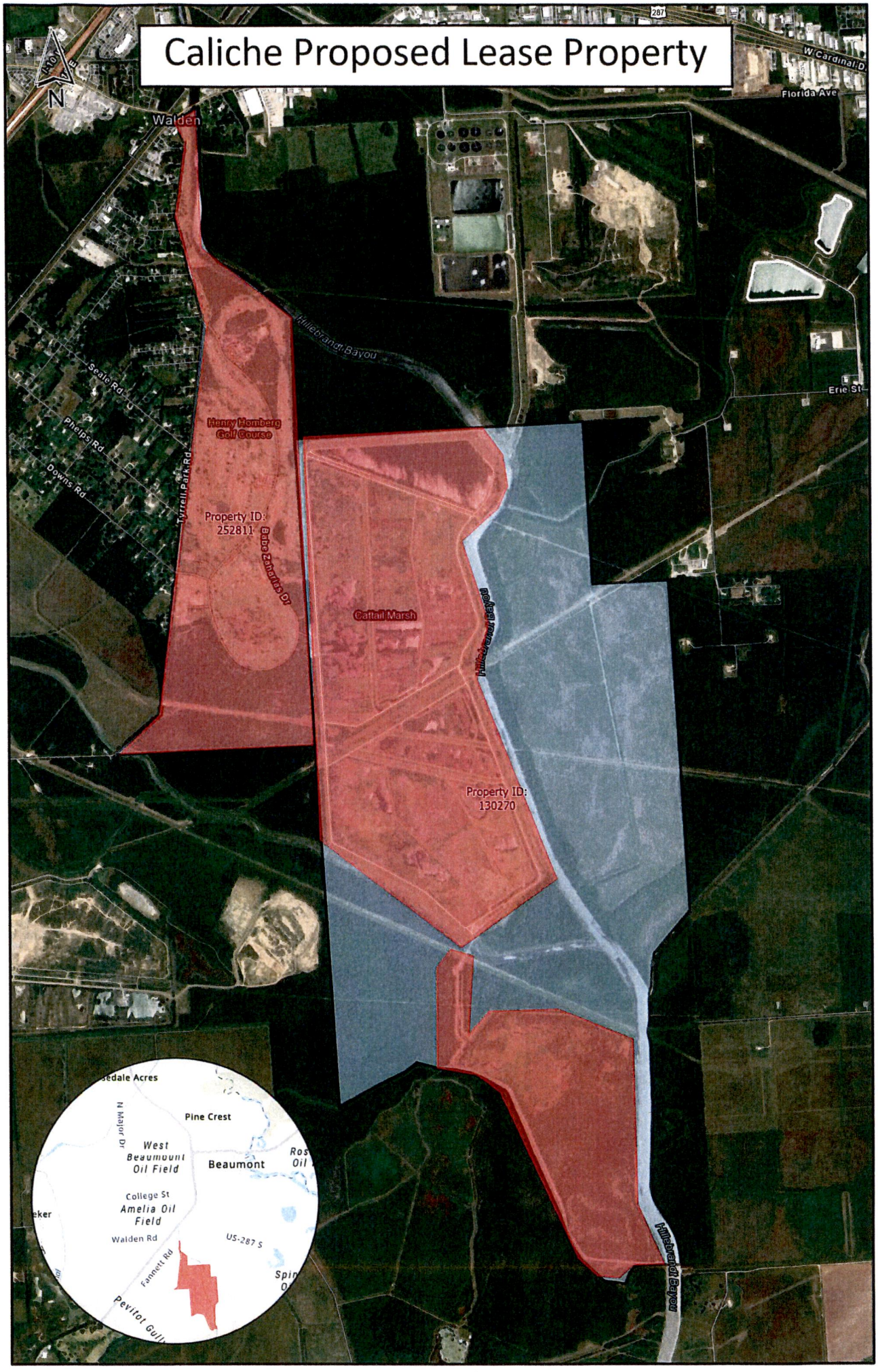
Attached hereto and made a part of that certain Agreement dated _____, 2023, by and between City of Beaumont, Texas, as City, and Caliche CO2 Sequestration, LLC, as Developer.

Total Exhibit "A" Acreage comprising the Land: 2539.04 **acres, more or less.**

Legal Description:

It is the intention of the Parties for this Agreement to cover all land and interests owned by City within the outlined Area of Interest as shown on the map attached as Exhibit "B"

Signed for Identification:


Caliche Proposed Lease Property
N
Walden
287
W Cardinal Dr
Florida Ave
Hillebrandt Bayou
Seale Rd
Phelps Rd
Downs Rd
Tyrrell Park Rd
Henry Homberg Golf Course
Property ID: 252811
Brito Canals Dr
Cattail Marsh
Hillebrandt Bayou
Property ID: 130270
Erie St
Hillebrandt Bayou
Pine Crest
West Beaumont Oil Field
Beaumont
College St
Amelia Oil Field
Walden Rd
US-287 S
Fannett Rd
N Major Dr