



TEXAS GENERAL LAND OFFICE / SCHOOL LAND BOARD

REQUEST FOR PROPOSALS for Lease of Permanent School Fund Land for Storage of Carbon Dioxide

REQUEST FOR PROPOSALS NO. 21-SLB-1-ST

Class 926 / Item 25; Class 926 / Item 90; Class 926 / Item 91; Class 925 / Item 15; Class 925 / Item 43; Class 925 / Item 45; Class 925 / Item 46; Class 493 / Item 42

Release Date: April 7, 2021

Deadline for Submission: May 10, 2021 at 2:00 p.m. CDT

Solicitation Point of Contact: Susan Tipton-Hines, CTCM, CTCD
Susan.Tipton-Hines@GLO.Texas.Gov

You are responsible for checking the Electronic State Business Daily (ESBD) website, <http://www.txsmartbuy.com/esbd>, for any addenda to this Solicitation. Please search under Agency Code 305 (General Land Office and Veterans Land Board). The Respondent's failure to periodically check the ESBD will in no way release that Respondent from addenda or additional information resulting in additional requirements of the Solicitation.

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ARTICLE I. EXECUTIVE SUMMARY, DEFINITIONS, AND AUTHORITY

1.1 EXECUTIVE SUMMARY

Pursuant to Texas Health and Safety Code, Sec. 382.501 et seq., the Texas General Land Office (“GLO”), on behalf of the School Land Board (“SLB”), is requesting proposals for the lease of Permanent School Fund (“PSF”) land in Jefferson County, Texas for the establishment and operation of a geologic carbon dioxide storage repository under submerged land in a Miocene formation, including construction of necessary transportation and storage infrastructure (the “Project”). The Texas Land Commissioner sits as ex officio Chairman of the SLB, and the staff of the GLO acts as the staff of the SLB. The SLB seeks an experienced and adequately funded entity to undertake the Project in order to maximize the value of PSF land. Respondents must execute **Exhibit A**, *Affirmations and Solicitation Acceptance*, and complete other items listed on the submission checklist to be considered. Additional information on the GLO/SLB and its programs can be found at <http://www.glo.texas.gov>.

The GLO will review Solicitation Responses to this Solicitation and make recommendations to the SLB. The SLB may then award one or more leases to one or more Respondents for one or more Project facilities. The GLO anticipates that a period of negotiation with the successful Respondent(s), including with regard to rent proposals, storage proposals, metering, reporting, and other relevant matters, will be necessary to reach a lease agreement that is in the best interests of the PSF.

1.2 DEFINITIONS

“**Addendum**” means a written clarification or revision to the Request for Proposals issued by the GLO. Respondents must acknowledge receipt of any addenda in the submission of the Solicitation Response.

“**Affiliate**” means any individual or entity that, directly or indirectly, controls, is controlled by, or is under common control with, Respondent. “Control” means the ability to directly or indirectly direct the management and policies of an entity, whether through the ownership of voting securities or membership interests, by contract, or otherwise.

“**BAFO**” means Best and Final Offer.

“**BEG**” means the Bureau of Economic Geology at the University of Texas at Austin.

“**CO₂**” means carbon dioxide, both anthropogenic and non-anthropogenic.

“**ESBD**” means the Electronic State Business Daily, <http://www.txsmartbuy.com/esbd>.

“GLO” means the Texas General Land Office individually and on behalf of the School Land Board.

“Lessee” means, collectively, one or more Respondents that are chosen by the SLB after review of Solicitation Responses to undertake the Project, including by signing the lease with the State, the form of which is attached to this Solicitation as Exhibit B.

“PIA” means the Public Information Act, Chapter 552 of the Texas Government Code.

“PSF” means Permanent School Fund.

“Respondent” means the entity responding to this Solicitation.

“RFP” means Request for Proposals.

“SLB” means School Land Board.

“Solicitation” means this RFP.

“Solicitation Response” means the Respondent’s entire response to this Solicitation, including all documents requested in Articles III and V.

“State” means, collectively, the State of Texas, the SLB, the GLO, or state agency identified in this Solicitation, including its officers, employees, or authorized agents.

“TAC” means the Texas Administrative Code.

1.3 AUTHORITY

The GLO/SLB is soliciting the proposals described herein under Texas Health and Safety Code, Ch. 382, Subchapter K.

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ARTICLE II. NATURE OF WORK

2.1 PROJECT BACKGROUND

The lease that a Lessee obtains through this Solicitation process will authorize Lessee to use the leased PSF tracts as necessary for transportation and safe, long-term geologic storage of CO₂ as described in this Solicitation. Lessee will be responsible for providing and maintaining, as necessary, all labor, materials, tools, equipment, technology, permits, supplies, superintendence, insurance, incidentals, and services necessary for the construction and operation of the contemplated CO₂ storage repository. The GLO anticipates that the work for the Project will include, and in some instances the lease that the Lessee signs will require, at least the following tasks:

- 1) Characterize the geologic and geophysical features of BEG-identified* and SLB-authorized storage formations.
- 2) Select a site based on geological suitability, long-term well integrity risk, and repository economic viability.
- 3) Transport CO₂ from its source(s) to the storage location(s).
- 4) Obtain and comply with necessary permitting requirements, including but not limited to successful acquisition of Class VI UIC permit(s) and compliance with all other applicable federal, state, and local laws and regulations (including but not limited to relevant rules of the GLO, the Texas Railroad Commission, the Texas Commission on Environmental Quality, the U.S. Occupational Safety and Health Administration, and the U.S. Environmental Protection Agency regarding Class VI wells, and carbon dioxide handling, transport, storage, and monitoring).
- 5) Construct and operate the contemplated CO₂ sequestration facility.
- 6) Develop an operational plan, including financial assurance, decommissioning of all topside structures and adequate well plugging and abandonment and contingency plans to address potential CO₂ leakage events and well integrity failures.
- 7) Compensate the PSF for use of the offshore repository and any associated easements, and storage of CO₂.
- 8) Identify environmental concerns and develop a plan to address those concerns.
- 9) Monitor CO₂ sequestration and report repository technical and economic performance to GLO.
- 10) Develop and adopt a repository closure contingency plan, including verification of necessary bond payment for well abandonment.

*(see BEG report entitled “[Gulf of Mexico Miocene CO₂ Site Characterization Mega Transect](#)”)

The selected Respondent(s), after selection, shall be bound to specific terms and conditions to be negotiated with the GLO within the framework of the lease form attached to this Solicitation as **Exhibit B**.

2.2 LEASE AND TERM

Any lease resulting from this Solicitation shall be effective as of the earlier of the date that it is signed by both parties or August 16, 2021 (the “Effective Date”), and shall initially remain in effect for, at most, a 3-year due diligence and permitting period, followed by construction and operation periods, with an overall maximum term of 30 years, subject to possible extension as agreed to by the parties, and subject to the conditions set forth herein and in the lease. The lease will have progress milestones for the development of the Project, which milestones are to be met by the selected Respondent. Failure to meet milestones may lead to termination of the lease, as set out in the lease. The parties may, upon mutual written agreement, renew the lease unless terminated early under the terms and conditions of the lease.

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ARTICLE III. ADMINISTRATIVE INFORMATION

3.1 SCHEDULE OF EVENTS

EVENT	DATE/TIME
Issue Solicitation	April 7, 2021
Deadline for Submitting Questions	April 21, 2021 at 5:00 p.m. CDT
Anticipated Release Date of Answers to Questions	April 28, 2021
Deadline for Submission of Solicitation Responses	May 10, 2021 at 2:00 p.m. CDT
Evaluation Period	May 11, 2021 to June 10, 2021
Short List Notification (if applicable)	June 14, 2021
Demonstrations/Presentations (if needed)	June 21, 2021 to June 22, 2021
SLB Meeting for Selection and Notice of Award	June 28, 2021
Lease Formation, Negotiation, and Execution	June 29, 2021 to August 30, 2021
Deadline for Bonds and Insurance	Upon Execution of Lease

NOTE: These dates represent a tentative schedule of events. The SLB reserves the right to modify these dates at any time prior to the deadline for submission of Solicitation Responses upon notice posted on the Electronic State Business Daily (ESBD) website at: <http://www.txsmartbuy.com/esbd>. Please search under Agency Code 305 (General Land Office and Veterans Land Board). Any modification of dates after the deadline for submission of Solicitation Responses will not be posted.

3.2 INQUIRIES

3.2.1 Contact

All requests, questions, or other communications about this Solicitation must be made **in writing** to the GLO's Purchasing Department, addressed to the person listed below.

Name	Susan Tipton-Hines, CTCM, CTCD
Address	1700 N. Congress Ave., Austin, Texas 78701
Phone	800.998.4456 or 512.475.0226
Email	Susan.Tipton-Hines@GLO.Texas.Gov

3.2.2 Clarifications

The GLO will allow written requests for clarification of this Solicitation. Questions may be e-mailed to the point-of-contact listed in Section 3.2.1 above. Respondents' names shall be removed from questions in the responses released. Questions shall be submitted in the following format. Submissions that deviate from this format may not be accepted:

- a) Identifying Solicitation number
- b) Section number
- c) Text of passage being questioned
- d) Question

NOTE: The deadline for submitting questions is noted in Section 3.1 above. Please provide company name, address, phone number, e-mail address, and name of contact person when submitting questions.

3.2.3 Responses

All accepted questions will result in written responses with copies posted to the ESBD at: <http://www.txsmartbuy.com/esbd>. Responses shall be posted as an Addendum to the Solicitation. It is Respondent's responsibility to check the ESBD for updated responses.

3.2.4 Prohibited Communications

On issuance of this Solicitation, except for the written inquiries described in Section 3.2.1 above, the SLB and the GLO will not answer questions or otherwise discuss the contents of this Solicitation with any potential Respondent or their representative(s). Attempts to ask questions by phone or in person will not be allowed or recognized as valid. Failure to observe this restriction may disqualify the Respondent. Respondent shall rely only on written statements issued through or by the GLO's purchasing staff. This restriction does not preclude discussions

between affected parties for the purposes of conducting business unrelated to this Solicitation.

3.3 SOLICITATION RESPONSE COMPOSITION

3.3.1 General Requirements

Respondent shall complete and upload the documents listed below to the Box™ URL in Section 3.4.3:

- a) One Proposal, including all documents requested in Part 1 of the *Submission Checklist*, submitted as one Portable Document Format (.pdf) file;
- b) One Annual Report (see Section 5.6), submitted as one .pdf file; and
- c) One Financial Statement Components Worksheet, submitted as a Microsoft Excel (.xlsx) file.

Respondent shall prepare a clear and concise Solicitation Response that focuses on the instructions and requirements of the Solicitation. Respondent is responsible for all costs related to the preparation of its Solicitation Response.

Any terms and conditions attached to a Solicitation Response that are intended to change the terms of the lease will not be considered and may result in disqualification.

3.3.2 Solicitation Response Format

For ease of evaluation, the Solicitation Response shall be presented in a format that corresponds to the order requested in Article VIII, *Submission Checklist*. Responses to each section and subsection shall be labeled clearly to indicate the item being addressed. Exceptions to this will be considered during the evaluation process.

3.3.3 Page Limit and Supporting Documentation

Proposals shall not exceed 40 pages in length. **Exhibit A**, signed acknowledgments of addenda, references, résumés, Annual Report (if relevant), and the Financial Statement Components Worksheet are considered supporting documentation and are not included in the page limit. The Solicitation Response should be formatted using 12-point or larger font, except for charts, graphs, or other graphical representations of data.

3.4 SOLICITATION RESPONSE SUBMISSION AND DELIVERY

3.4.1 Deadline

Solicitation Responses must be received at the Box™ URL in Section 3.4.3 no later than as specified in Section 3.1. Respondents may submit their Solicitation Responses any time prior to that deadline. Box™ shall time stamp all uploaded Solicitation Responses; any other documentation of timely submission in lieu of the Box™ time stamp WILL NOT be accepted.

3.4.2 Labeling

Each file uploaded to Box™ shall include Respondent's company name and the title of the document; for example: "Company X: Proposal."

3.4.3 Delivery

Respondents must upload Solicitation Responses to the following the Box™ URL:

<https://txglo.app.box.com/f/835f08da04394c54924e2468851500f0>

The GLO/SLB shall not accept Solicitation Responses submitted by any other means. Please contact the point-of-contact listed in section 3.2.1 above for assistance with the Box™.

3.4.4 Alterations, Modifications, and Withdrawals

Solicitation Responses may be modified, altered, or withdrawn by notifying the point-of-contact listed in Section 3.2.1 above, provided such notice is received prior to the deadline for submission of Solicitation Responses.

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ARTICLE IV. SOLICITATION RESPONSE EVALUATION & AWARD PROCESS

4.1 EVALUATION CRITERIA

4.1.1 Conformance with State Law

Solicitation Responses shall be evaluated in accordance with applicable State law. The GLO/SLB shall not be obligated to accept the highest royalty or rent proposal, but shall make an award to the Respondent that provides the “Best Value” to the State of Texas.

4.1.2 Minimum Qualifications

Respondents must meet the minimum qualifications listed below. Furthermore, Solicitation Responses that appear unrealistic in terms of technical commitment, that show a lack of technical competence, or that indicate a failure to comprehend the risk and complexity of the Project may be rejected.

Respondent shall submit a summary (not to exceed two pages) that provides specific support for meeting the minimum qualifications outlined in this Section. This support can specifically state how the Respondent meets each minimum qualification or can direct the evaluators to the appropriate section of the Solicitation Response that provides support for the Respondent satisfying each minimum qualification.

4.1.2.1 Respondent must have demonstrated experience undertaking and completing large-scale projects involving infrastructure construction and/or industrial-scale facility operation, preferably involving CO₂, gas storage, and/or hydrocarbon pipelines;

4.1.2.2 Respondent must have demonstrated experience obtaining and complying with Federal or State permits, preferably involving either or both of oil and gas regulations or environmental regulations; and

4.1.2.3 Respondent must be financially solvent and adequately capitalized.

4.1.3 Selection Criteria

Solicitation Responses shall be consistently evaluated and scored in accordance with the following best value criteria:

4.1.3.1 Demonstrated relevant experience, qualifications and past performance of Respondent and proposed staff (30%)

- 4.1.3.2 Proposed methodology for storage, and proposed schedule for completion of the Project (25%)
- 4.1.3.3 Proposed source(s) and quantities of CO₂ to be stored, and proposed schedule and rate of payments to be made to the GLO, for the benefit of the PSF, for lease of land and storage of CO₂ (25%)
- 4.1.3.4 Proposed plan for permitting and for compliance with all applicable Federal and State regulation (10%)
- 4.1.3.5 Overall responsiveness, clarity, and organization of Solicitation Response (10%)

NOTE: To clarify any response, the Solicitation evaluation committee may contact references provided in response to this Solicitation, contact Respondent's clients, or solicit information from any available source concerning any aspect of the Solicitation deemed pertinent to the evaluation process.

4.2 SHORT LIST

The GLO expects to make an initial evaluation of the Solicitation Responses to develop a short list of finalists. However, the GLO is not obligated to develop this list. If a list is developed, all Respondents will be notified in writing whether or not they are finalists.

4.3 DEMONSTRATIONS / PRESENTATIONS

The GLO may invite short listed finalists to provide demo presentations. All presentations will be conducted online via a virtual platform mutually agreed upon by the GLO and Respondent upon Respondent's acceptance of the invitation.

Respondents will be provided with notice of any such presentations and are responsible for their own presentation equipment and internet connection. Failure to participate in the requested presentation may eliminate a Respondent from further consideration. The GLO is not responsible for any costs incurred by the Respondent associated with the presentation.

4.4 BEST AND FINAL OFFER (BAFO)

Clarification discussions, at the GLO's sole option, may be conducted with Respondents who submit Solicitation Responses determined to be acceptable and competitive. Respondents shall be accorded fair and equal treatment with respect to any opportunity for discussion and/or written revisions of the Solicitation Responses. Such revisions may be permitted after submissions and prior to award solely for the purpose of obtaining BAFOs.

In conducting discussions, the GLO shall not disclose any information derived from the Solicitation Responses submitted by competing Respondents.

The GLO evaluation committee shall score BAFO responses in a manner consistent with the scoring of original solicitation responses. The criteria to be re-evaluated following a BAFO shall depend on the type of clarification requested by the GLO from Respondent. Scores for any of the applicable selection criteria included in the GLO's request for BAFO shall be replaced by the BAFO scores.

4.5 LEASE AWARD

The SLB may award a lease to one or more Respondents under this Solicitation. An award notice will be sent to the selected Respondent(s). Any award is contingent upon the successful negotiation of final lease terms with the GLO and upon approval of the SLB. Negotiations shall be confidential and not subject to disclosure to competing Respondents unless and until an agreement is reached. If lease negotiations cannot be concluded successfully, the GLO may negotiate a lease with fewer than all of the initially chosen Respondents, may negotiate a lease with the next highest scoring Respondent(s), or may withdraw this Solicitation.

NOTE: Solicitation Responses are subject to the Texas Public Information Act, Chapter 552 of the Texas Government Code, and will be withheld from or released to the public only in accordance therewith.

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ARTICLE V. REQUIRED RESPONDENT INFORMATION

5.1 RESPONDENT INFORMATION

Each Respondent must provide satisfactory evidence of its experience and operational and financial ability to undertake and complete the types of activities described in this Solicitation, including to complete and operate the Project.

5.1.1 Company Narrative

Provide a detailed narrative explaining why Respondent is qualified to undertake the Project, focusing on its key strengths and competitive advantages.

5.1.2 Company Profile

Provide a company profile to include:

- a) The company ownership structure (e.g., corporation, partnership, LLC, sole proprietorship, etc.), including any wholly-owned subsidiaries, affiliated companies, or joint ventures. (*Please provide this information in a narrative or as a graphical representation*). If Respondent is an Affiliate of, or has a joint venture or strategic alliance with, another company, please identify the percentage of ownership and the percentage of the company's ownership. Finally, please provide your proposed operating structure for the Project and which entities (i.e. parent company, Affiliate, Joint Venture, subcontractor) will be performing Project tasks;
- b) The year the company was founded and/or legally organized. If organized as a business entity other than a sole proprietorship (e.g., corporation, LLC, LP, etc.), please indicate the type of entity, the state under whose laws the company is organized, and the date of organization;
- c) The location of Respondent's headquarters and any field office(s) that may provide services in connection with the Project;
- d) The name, title, mailing address, e-mail address, and telephone number of Respondent's point of contact for any resulting lease under this Solicitation; and
- e) Whether Respondent has ever been a party to a contract with any Texas state agency. If "Yes," specify when, for what duties, and with which agency.

NOTE: A Respondent that is not organized under the laws of the state of Texas must register with the Texas Secretary of State before it may transact business

in Texas. Respondent must provide proof of registration before the SLB may award a lease under this Solicitation.

5.2 TECHNICAL PROPOSAL

Respondent must describe clearly, specifically, and as completely as practicable, its proposed methodology and schedule for achieving the objectives of the Project, including with regard to transportation of CO₂ to and its long-term storage in the repository, as well as post-closure monitoring and security of stored CO₂. Respondent should describe tasks to be performed to be responsive to Article II, Nature of Work.

5.3 REFERENCES

Respondent shall provide a minimum of three **non-GLO** references for projects of similar general scope performed within the last three years. The GLO/SLB reserves the right to check references prior to award. Any negative responses received may be grounds for disqualification of the Solicitation Response.

Respondent must verify current contacts for its references. Information provided shall include:

- a) Client name;
- b) Project description;
- c) Total dollar amount of project; and
- d) Client project manager name, telephone number, and e-mail address.

The GLO checks references by e-mail. Respondents who do not provide accurate e-mail addresses waive the right to have those references considered in the evaluation of their Solicitation Responses.

5.4 LITIGATION HISTORY

Respondent must disclose any civil or criminal litigation or investigation pending at any time during the last three years that involves Respondent's work on or involvement with a construction, pipeline, industrial, or other type of project generally similar to the Project, as well as any in which Respondent has already been judged guilty or liable. For each instance of litigation or investigation, Respondent shall list: basic case information (e.g., cause number/case number, venue information, names of parties, name of investigating entity [if relevant]); a description of claims alleged by or against Respondent or its parent, subsidiary, or other Affiliate; for each resolved case, a description of the disposition of Respondent's involvement (e.g., settled, dismissed, judgment entered, etc.).

Failure to comply with the terms of this provision may disqualify any Respondent. Solicitation Responses may be rejected based upon Respondent's prior history with the

state of Texas or with any other party that demonstrates, without limitation, unsatisfactory performance, adversarial or contentious demeanor, or significant failure(s) to meet contractual obligations.

If Respondent has no litigation history, as described above, so indicate in the appropriate section of the Solicitation Response.

5.5 CONFLICTS

Respondent must disclose any potential conflict of interest it may have with the GLO or the SLB in undertaking the Project, including all existing or prior arrangements. Please include any activities of affiliated or parent organizations and individuals who may be assigned to manage this account. If Respondent has no conflicts, as described above, so indicate in the appropriate section of the Solicitation Response.

5.6 ANNUAL REPORT

If Respondent is an entity that is required to prepare audited financial statements, Respondent shall submit an annual report that includes:

- a) Last two years of audited accrual-basis financial statements, including an income statement, cash flow statement, and balance sheet;
- b) If applicable, last two years of consolidated statements for any holding companies or affiliates;
- c) An audited or un-audited accrual-basis financial statement of the most recent quarter of operation; and
- d) A full disclosure of any events, liabilities, or contingent liabilities that could materially affect Respondent's financial ability to undertake the Project.

If Respondent is a privately-owned entity or sole proprietorship for which audited financial statements are not required, Respondent shall submit a report that includes:

- a) Last two years of un-audited accrual-basis financial statements, including an income statement, cash flow statement, and balance sheet;
- b) An audited or un-audited accrual-basis financial statement of the most recent quarter of operation; and
- c) A full disclosure of any events, liabilities, or contingent liabilities that could materially affect Respondent's financial ability to undertake the Project;

OR

- a) Other financial information sufficient for the GLO, in its sole judgement, to determine if Respondent is financially solvent and adequately capitalized.

Respondent shall also complete and submit the Financial Statement Components Worksheet, posted to the ESBD as an Excel workbook (.xlsx format). Any respondent that fails to comply with this Section 5.6 or that is not financially solvent or adequately capitalized, as affirmed by the GLO Chief Financial Officer, shall be deemed not to have met the minimum qualification stated in Section 4.1.2.3 of this Solicitation.

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ARTICLE VI. RENT AND ROYALTY PROPOSAL

6.1 RENT AND ROYALTY PROPOSAL

Respondent must provide a proposal for paying to the GLO, for the benefit of the PSF, all or some of the following, as well as any other payments Respondent proposes to pay to the GLO, for the benefit of the PSF, in connection with the Project: (i) rent for the use of PSF land, whether surface or submerged, for transportation facilities associated with the Project; (ii) payment for the right to use PSF-owned submerged strata for CO₂ storage; (iii) rent or royalty payment for the mass of CO₂ initially placed into storage, without regard to loss or leakage; (iv) a portion of the value, however monetized, of CO₂ capture and/or storage tax credits earned by, or paid to, Respondent in connection with the Project; and (v) minimum rent during feasibility and construction periods for the submerged areas that may be used for storage pursuant to the Project as proposed by Respondent.

Per Section 4.1.3.3 of this Solicitation, Respondent's proposed source(s) and quantities of CO₂ to be stored, and the rent resulting from the proposed quantities, are a material element in the selection of the Respondent(s) who will enter into leases with the GLO/SLB. For that reason, the lease will include a baseline revenue target in the operations phase, based on a reasonable forecast of expected revenues based on rent structure and proposed stored quantities as set out in Respondent's Response. The lease will allow the GLO to terminate the lease if the baseline revenue target is not met over the course of an agreed period of time as stated in the lease.

Respondents are hereby expressly put on notice that because of the open-ended nature of rent and royalty proposals that can be made, the ultimate rent and/or royalty provisions in the lease will be subject to further negotiation and documentation following the award(s) under this Solicitation.

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ARTICLE VII. TERMS AND CONDITIONS

7.1 GENERAL CONDITIONS

7.1.1 Amendment

The GLO, on behalf of the SLB, reserves the right to alter, amend, or modify any provision of this Solicitation, or to withdraw this Solicitation, at any time prior to the award, if it is in the best interest of the SLB and/or the PSF.

7.1.2 Informalities

The GLO reserves the right to waive minor informalities and irregularities in any Solicitation Response received.

7.1.3 Rejection

The GLO reserves the right to reject any or all Solicitation Responses received prior to lease award.

7.1.4 Irregularities

Any irregularities or lack of clarity in this Solicitation should be brought to the attention of the point-of-contact listed in Section 3.2.1 as soon as possible, so that corrective addenda may be furnished to prospective Respondents via the ESBD.

7.1.5 Negotiation Period

Solicitation Responses shall be binding for a period of 120 days after they are opened. Respondents may extend the time for which their Solicitation Response will be honored.

7.1.6 Open Records

The GLO and SLB are government agencies subject to the Texas Public Information Act (PIA), Chapter 552, Texas Government Code. The Solicitation Response and other information submitted to the GLO by the Respondent and any lease(s) awarded pursuant to this Solicitation are subject to release as public information. The Solicitation Response and other submitted information shall be presumed to be subject to disclosure unless a specific exception to disclosure under the PIA applies. If it is necessary for the Respondent to include proprietary or otherwise confidential information in its Solicitation Response or other submitted information, the Respondent must clearly label that proprietary or confidential information and identify the specific exception to disclosure of that information in the PIA. Merely making a blanket claim that the entire Solicitation Response is

protected from disclosure because it contains some proprietary information is not acceptable, and shall make the entire Solicitation Response subject to release under the PIA. In order to trigger the process of seeking an Attorney General opinion on the release of proprietary or confidential information, the specific provisions of the Solicitation Response the Respondent considers proprietary or confidential must be clearly labeled as described above. Any information which is not clearly identified as proprietary or confidential shall be deemed to be subject to disclosure pursuant to the PIA, except as provided by law.

Respondents are required to make any information created or exchanged with the GLO or SLB pursuant to this Solicitation and any lease that may result from this Solicitation, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the GLO.

Information related to the performance of any resulting lease may be subject to the PIA and will be withheld from public disclosure or released only in accordance therewith. Respondent shall make any information created or exchanged with the GLO or the SLB, and not otherwise excepted from disclosure under the PIA, available in a format that is accessible by the public at no additional charge to the GLO. Respondent shall make any information required under the PIA available to the GLO in Portable Document Format (PDF) or any other format agreed between the parties. The original copy of each Solicitation Response shall be retained in the official files of the GLO as a public record.

Solicitation Responses and all other documents associated with this Solicitation will be withheld or released upon written request only in accordance with the PIA. To the extent that a Respondent wishes to prevent the disclosure of portions of its Solicitation Response to the public, Respondent shall demonstrate the applicability of any exception to disclosure provided under the PIA in accordance with the procedures prescribed by the PIA. Respondent may clearly label individual documents “confidential” or “trade secret” to demonstrate that it believes certain information is excepted from disclosure and may legally be withheld from the public. Respondent thereby agrees to indemnify and defend the GLO for honoring such a designation. The failure of Respondent to clearly label such documents shall constitute a complete waiver of any and all claims for damages caused by the GLO’s release of these records.

Pursuant to Texas Government Code Chapter 2261, any lease or contract that results from this Solicitation, including selected Respondent’s Solicitation Response, shall be posted to the GLO’s website.

7.1.7 Lease Responsibility

Respondent shall be solely responsible for the performance of all contractual obligations that may result from an award based on this Solicitation. Respondent

shall not be relieved of its obligations for any nonperformance by its subcontractors.

7.1.8 Public Disclosure

Respondent will not advertise that it is doing business with the GLO or SLB or use a lease resulting from this Solicitation as a marketing or sales tool without prior written consent of the GLO or SLB as applicable.

7.1.9 Remedies

All remedies available to the GLO for breach or anticipatory breach of any lease that results from this Solicitation are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies. Liquidated damages, actual damages, cost projections, and/or injunctive relief may also be invoked either separately or combined with any other remedy in accordance with applicable law.

7.2 INSURANCE AND BONDS

7.2.1 Required Insurance Coverages

For the duration of any lease resulting from this Solicitation, Lessee shall acquire insurance with financially sound and reputable independent insurers, in the type and at least the amount as follows:

7.2.1.1 Workers Compensation & Employers Liability

Lessee must maintain Workers' Compensation insurance coverage in accordance with statutory limits.

Workers Compensation: Statutory Limits
Employers Liability: Each Accident \$1,000,000
Disease - Each Employee \$1,000,000
Disease - Policy Limit \$1,000,000

This website (coverage starts with 406 of the Labor code) addresses what Texas requires of Workers Compensation:
<http://www.tdi.texas.gov/wc/act/index.html>

7.2.1.2 Commercial General Liability (Occurrence based)

- a) Bodily Injury and Property Damage:
\$1,000,000 each occurrence
\$2,000,000 aggregate limit
- b) Medical Expense each person: \$5,000
- c) Personal Injury and Advertising Liability: \$1,000,000

- d) Products / Completed Operations Aggregate: \$2,000,000
- e) Damage to Premises Rented to You: \$50,000

The required coverage is to be written with companies licensed in the State of Texas, with an “A-” rating from A.M. Best, and authorized to provide the corresponding coverage. Work on the Project shall not begin until after Lessee has submitted acceptable evidence of insurance. Failure to maintain insurance coverage or acceptable alternative methods of insurance shall be deemed a breach of contract.

7.2.2 Alternative Insurability

Notwithstanding the preceding, the GLO reserves the right to consider reasonable alternative methods of insuring the lease in lieu of the insurance policies customarily required. It will be Respondent’s responsibility to recommend to the GLO alternative methods of insuring the contract. Any alternatives proposed by Respondent should be accompanied by a detailed explanation regarding Respondent’s inability to obtain the required insurance and/or bonds. The GLO shall be the sole and final judge as to the adequacy of any substitute form of insurance coverage.

7.2.3 Bonds

Respondent’s bond or other fiscal surety obligations will be as set out in the lease.

7.3 LEASE TERMS AND SOLICITATION ACCEPTANCE

Exhibit B, *Sample Lease*, is the framework of the lease form that will be used by the SLB for the Project; please review the terms and conditions of the form. The SLB reserves the right to negotiate final lease terms with any selected Respondent. The terms and conditions in **Exhibit B** are subject to change prior to the execution of any lease that may result from this Solicitation.

Execution of **Exhibit A** of this Solicitation, *Affirmations and Solicitation Acceptance*, shall constitute an agreement to all terms and conditions specified in this Solicitation, including, but not limited to, **Exhibit B**, *Sample Lease*, and all terms and conditions therein.

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ARTICLE VIII. SUBMISSION CHECKLIST

This checklist is provided for Respondent's convenience only and identifies documents that must be submitted with this Solicitation to be considered responsive. Any Solicitation Responses received without these requisite documents may be deemed nonresponsive and not considered for lease award.

A COMPLETE SOLICITATION PACKAGE SHALL INCLUDE:

1. Part 1 – Proposal (one .pdf file)
2. Part 2 – Annual Report (or substitute permitted by this Solicitation) (one .pdf file)
3. Part 3 – Financial Statement Components Worksheet (one .xlsx file)

PART 1 – PROPOSAL

Please present documents in the following order:

1. **Exhibit A**, Affirmations and Solicitation Acceptance _____
2. Signed Acknowledgments of Addenda (if applicable) _____
3. Summary of Minimum Qualifications (Section 4.1.2) _____
4. Respondent Information (Section 5.1) _____
5. Technical Proposal (Section 5.2) _____
6. References (Section 5.3) _____
7. Major Subcontractor Information (if applicable) (Section 5.4) _____
8. Litigation History (if applicable) (Section 5.4) _____
9. Conflicts (if applicable) (Section 5.5) _____
10. Rent and Royalty Proposal (Section 6.1) _____

PART 2 – ANNUAL REPORT

1. Annual Report (Section 5.6) _____

PART 3 – FINANCIAL STATEMENT COMPONENTS WORKSHEET

1. Financial Statement Components Worksheet (Section 5.6) _____

EXHIBIT A. AFFIRMATIONS AND SOLICITATION ACCEPTANCE

GENERAL AFFIRMATIONS AND SOLICITATION ACCEPTANCE

Execution of this **Exhibit A**, constitutes an agreement to all terms and conditions in the Solicitation, including, without limitation, this **Exhibit A**. If Respondent fails to sign this **Exhibit A** or signs it with a false statement, Respondent's Solicitation Response and any resulting contract(s) shall be void. Respondent agrees without exception to the following general affirmations and acknowledges that any contract resulting from this Solicitation may be terminated and payment withheld if any of the following affirmations or certifications are inaccurate:

1. Respondent represents and warrants that all statements and information prepared and submitted in its Solicitation Response are current, complete, true, and accurate. Submitting a Solicitation Response with a false statement or making a material misrepresentation during the performance of a contract is a material breach of contract and may void the Solicitation Response and any resulting contract.
2. Pursuant to Section 2155.003 of the Texas Government Code, Respondent represents and warrants that it has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Solicitation Response.
3. Pursuant to Section 2155.004(a) of the Texas Government Code, Respondent certifies that neither Respondent nor any person or entity represented by Respondent has received compensation from the GLO to participate in the preparation of the specifications or solicitation on which its Solicitation Response is based. Under Section 2155.004(b) of the Texas Government Code, Respondent certifies that the individual or business entity named in its Solicitation Response is not ineligible to receive the specified contract and acknowledges that the contract may be terminated and payment withheld if this certification is inaccurate. This Section does not prohibit a Respondent from providing free technical assistance.
4. Under the Texas Family Code, Section 231.006, a child support obligor who is more than 30 days delinquent in paying child support and a business entity in which the obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least 25 percent is not eligible to receive payments from state funds under a contract to provide property, materials, or services. Under Section 231.006, Texas Family Code, the vendor or applicant [Respondent] certifies that the individual or business entity named in this contract, bid, or application [Solicitation Response] is not ineligible to receive the specified grant, loan, or payment. The Solicitation Response must include the name and social security number of any individual or sole proprietor and each partner, shareholder, or owner with an ownership interest of at least 25 percent of the business entity submitting the bid or application. This information must be provided prior to execution of any contract resulting from this Solicitation.
5. The GLO is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism and any subsequent changes made to it. The GLO will cross-reference Respondents/vendors with the federal System for Award Management (<https://www.sam.gov/>), which includes the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list. Respondent certifies: 1) that Respondent and its principals are eligible to participate in this transaction and have not been subjected to suspension, debarment, proposed debarment, or similar ineligibility or exclusion by any federal, state, or local governmental entity; 2) that Respondent is in compliance with the State of Texas statutes and rules relating to procurement; and 3) that Respondent is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at <https://www.sam.gov/>. This provision shall be included in its entirety in all subcontracts to contracts resulting from this Solicitation.
6. Respondent agrees that any payments due under any contract resulting from this Solicitation will be applied towards any debt or delinquency Respondent owes to the State of Texas including, but not limited to, delinquent taxes, delinquent student loan payments, and delinquent child support.
7. In accordance with Section 669.003 of the Texas Government Code, relating to contracting with the executive head of a state agency, Respondent certifies that it is not (1) the executive head of the GLO, (2) a person who at any time during the four years before the date of the contract was the executive head of the GLO, or (3) a person who employs a current or former executive head of a state agency.

8. If any contract resulting from this Solicitation is for services, Respondent shall comply with Section 2155.4441 of the Texas Government Code, requiring the purchase of products and materials produced in the State of Texas in performing service contracts.
9. Respondent shall retain in its records the Solicitation and its Solicitation Response and all documents related to this Solicitation or any contract resulting from this Solicitation. Unless a longer retention period is specified by applicable federal law or regulation, Respondent may destroy such records only after the seventh anniversary of the date: the contract is completed or expires; or all issues that arise from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the Solicitation, Solicitation Response, contract, or related documents are resolved. Respondent acknowledges that the State has a right of access to information in Respondent's possession relating to State property and agrees to make such information reasonably available upon request of the GLO.
10. The state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under a contract resulting from this Solicitation or indirectly through a subcontract under such contract. The acceptance of funds directly under such contract or indirectly through a subcontract under such contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. Respondent shall ensure that this paragraph concerning the authority to audit funds received indirectly by subcontractors through a contract and the requirement to cooperate is included in any subcontract it awards. Any contract resulting from this Solicitation may be amended unilaterally by the GLO to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.154 of the Texas Government Code.
11. In accordance with Section 2252.901 of the Texas Government Code, for the categories of contracts listed in that section, Respondent represents and warrants that none of its employees including, but not limited to, those authorized to provide services under the contract, were employees of the GLO during the twelve (12) month period immediately prior to the date of execution of the contract. Solely for professional services contracts as described by Chapter 2254 of the Texas Government Code, Respondent further represents and warrants that if a former employee of the GLO was employed by Respondent within one year of the employee's leaving the GLO, then such employee will not perform services on projects with Respondent that the employee worked on while employed by the GLO.
12. The Respondent shall not discriminate against any employee or applicant for employment because of race, disability, color, religion, sex, age, or national origin. The Respondent shall take affirmative action to ensure that applicants are employed and that employees are treated without regard to their race, disability, color, sex, religion, age, or national origin. Such action includes, but is not limited to: employment, promotion, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Respondent shall post notices, setting forth the provisions of this non-discrimination article, in conspicuous places available to employees or applicants for employment. Respondent shall include the above provisions in all subcontracts to any contract resulting from this Solicitation.
13. Respondent represents and warrants that, in accordance with Section 2155.005 of the Texas Government Code, neither Respondent nor the firm, corporation, partnership, or institution represented by Respondent, or anyone acting for such a firm, corporation, partnership, or institution has (1) violated any provision of the Texas Free Enterprise and Antitrust Act of 1983, Chapter 15 of the Texas Business and Commerce Code, or the federal antitrust laws, or (2) communicated directly or indirectly the contents of its Solicitation Response to any competitor or any other person engaged in the same line of business as Respondent.
14. By signing this Solicitation Response, Respondent certifies that if a Texas address is shown as the address of the Respondent, Respondent qualifies as a "Texas Bidder" as defined in Section 2155.444(c) of the Texas Government Code.
15. Respondent understands that the GLO does not tolerate any type of fraud. The GLO's policy is to promote consistent, legal, and ethical organizational behavior by assigning responsibilities and providing guidelines to enforce controls. Any violations of law, GLO policies, or standards of ethical conduct will be investigated, and appropriate actions will be taken. Respondents are expected to report any possible fraudulent or dishonest acts, waste, or abuse to the GLO's Internal Audit Director at 512.463.6078 or Tracey.Hall@glo.texas.gov.

16. Respondent certifies that it will comply with the federal Immigration Reform and Control Act of 1986, the Immigration Act of 1990, and the Immigration Act of 1996 regarding employment, employment verification, and retention of verification forms of individuals who will prospectively perform work described in this proposal.
17. Sections 2155.006 and 2261.053 of the Texas Government Code, prohibit state agencies from accepting a Solicitation Response or awarding a contract that includes proposed financial participation by a person who, in the past five years, has been convicted of violating a federal law or assessed a penalty in connection with a contract involving relief for Hurricane Rita, Hurricane Katrina, or any other disaster, as defined by Section 418.004 of the Texas Government Code, occurring after September 24, 2005. Under Sections 2155.006 and 2261.053 of the Texas Government Code, Respondent certifies that the individual or business entity named in this Response is not ineligible to receive the specified contract and acknowledges that such contract may be terminated, and payment withheld if this certification is inaccurate.
18. Respondent represents and warrants that it shall comply with the applicable provisions of and rules and regulations related to the Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 8101-8106).
19. The Respondent represents that payment to the Respondent and the Respondent's receipt of appropriated or other funds under any contract resulting from this Solicitation are not prohibited by Section 556.005 or Section 556.008 of the Texas Government Code.
20. If the Solicitation is for completion of a "project" (as defined by Texas Government Code §2252.201) in which iron or steel products will be used, Respondent agrees any iron or steel product produced through a "manufacturing process" (as defined by Texas Government Code §2252.201) and used in the project shall be produced in the United States.
21. If Texas Government Code Chapter 2270 prohibiting state contracts with companies boycotting Israel applies to Respondent and any contract awarded to Respondent pursuant to this Solicitation, then Respondent verifies it does not boycott Israel and will not boycott Israel during the term of any contract awarded to Respondent pursuant to this Solicitation.
22. If Respondent is submitting a Solicitation Response for the purchase or lease of computer equipment, then Respondent certifies it is in compliance with Subchapter Y, Chapter 361 of the Texas Health and Safety Code related to the Computer Equipment Recycling Program and the Texas Commission on Environmental Quality rules in Title 30 Texas Administrative Code, Chapter 328.
23. Upon the GLO's request, Respondent shall provide copies of its most recent business continuity and disaster recovery plans.
24. If the Solicitation is for consulting services, as defined in Texas Government Code Chapter 2254, in accordance with Section 2254.033 of the Texas Government Code, Respondent certifies it does not employ an individual who has been employed by the GLO or another agency at any time during the two years preceding the submission of the Solicitation Response or, in the alternative, Respondent has disclosed in its Solicitation Response the following: (i) the nature of the previous employment with the GLO or the other agency; (ii) the date the employment was terminated; and (iii) the annual rate of compensation for the employment at the time of its termination.
25. Respondent must use the dispute resolution process provided for in Chapter 2260 of the Texas Government Code to attempt to resolve any dispute arising under any contract resulting from this Solicitation.
26. Any contract resulting from this Solicitation is contingent upon the continued availability of lawful appropriations by the Texas Legislature. Respondent understands that all obligations of the GLO under a contract resulting from this Solicitation are subject to the availability of state funds. If such funds are not appropriated or become unavailable, the GLO may terminate such contract. Any contract resulting from this Solicitation shall not be construed as creating a debt on behalf of the GLO in violation of Article III, Section 49a of the Texas Constitution.
27. Respondent represents and warrants that it is not engaged in business with Iran, Sudan, or a foreign terrorist organization, as prohibited by Section 2252.152 of the Texas Government Code.
28. Any contract resulting from this Solicitation shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the conflicts of law provisions. The venue of any suit arising under the contract is fixed in any court of competent jurisdiction of Travis County, Texas, unless the specific venue is otherwise identified in a statute which directly names or otherwise identifies its applicability to the GLO.

29. Respondent has disclosed in writing to the GLO all existing or potential conflicts of interest relative to the performance of any contract resulting from this Solicitation.
30. The GLO will comply with the Texas Public Information Act (Chapter 552 of the Texas Government Code) as interpreted by judicial rulings and opinions of the Attorney General of the State of Texas. Information, documentation, and other material associated with this Solicitation or any resulting contract may be subject to public disclosure pursuant to the Texas Public Information Act. In accordance with Section 2252.907 of the Texas Government Code, Respondent shall make any information created or exchanged with the State pursuant to the Solicitation and any resulting contract, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the State.
31. The person signing this Solicitation Response represents and warrants that he/she is duly authorized and legally empowered to submit this Solicitation Response, execute a contract on behalf of Respondent, and contractually bind the Respondent.
32. Respondent expressly acknowledges that state funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, Respondent represents and warrants that any technology provided to the GLO for purchase under this Solicitation is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology, of: providing equivalent access for effective use by both visual and non-visual means; presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired. For purposes of this Section, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans With Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance.
33. If any contract resulting from this Solicitation is for the purchase or lease of covered television equipment as defined by Section 361.91(3) of the Texas Health and Safety Code, Respondent certifies its compliance with Subchapter Z, Chapter 361 of the Texas Health and Safety Code, related to the Television Equipment Recycling Program.
34. The requirements of Subchapter J, Chapter 552, Government Code, may apply to a contract awarded under this Solicitation and Respondent agrees that the contract can be terminated if Respondent knowingly or intentionally fails to comply with a requirement of that subchapter.
35. If Respondent, in its performance of a contract awarded under this Solicitation, has access to a state computer system or database, Respondent must complete a cybersecurity training program certified under Texas Government Code Section 2054.519, as selected by the GLO. Respondent must complete the cybersecurity training program during the initial term of the contract and during any renewal period. If awarded a contract, Respondent must verify in writing to the GLO its completion of the cybersecurity training program.
36. Under Section 2155.0061, Government Code, the Respondent certifies that the individual or business entity named in this bid (Solicitation Response) or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated, and payment withheld if this certification is inaccurate.

Check below if preference claimed under Title 34 Texas Administrative Code § 20.306.

- ☐ Supplies, materials, equipment, or services produced in Texas/offered by Texas bidders or Texas bidder that is owned by a service-disabled veteran
- ☐ Agricultural products produced/grown in Texas
- ☐ Agricultural products and services offered by Texas bidders
- ☐ Texas vegetation native to the region for landscaping purposes
- ☐ USA produced supplies, materials, or equipment
- ☐ Products of persons with mental or physical disabilities
- ☐ Products made of recycled, remanufactured, or environmentally sensitive materials, including recycled steel
- ☐ Covered television equipment
- ☐ Energy efficient products

- ☐ Rubberized asphalt paving material
- ☐ Recycled motor oil and lubricants
- ☐ Products and services from economically depressed or blighted areas
- ☐ Products produced at facilities located on formerly contaminated property
- ☐ Vendors that meet or exceed air quality standards
- ☐ Paper containing recycled fibers
- ☐ Recycled Computer Equipment of other manufacturers
- ☐ Foods of Higher Nutritional Value
- ☐ Travel agents residing in Texas

I have read, understand, and agree to comply with the terms and conditions specified in this Solicitation Response.
Checking "YES" indicates acceptance, while checking "NO" denotes non-acceptance.

YES _____ NO _____

SIGNATURE PAGE FOLLOWS

RESPECTFULLY SUBMITTED:

**Authorized Signature of the person
authorized to bind Respondent to any
contract that may result from this
Solicitation¹**

Date

Printed Name and Title of Signatory

**Full Legal Name of Respondent's
company as registered with the Texas
Secretary of State, and as it should
appear on any Contract resulting from
this Solicitation²**

**Respondent's Employer Identification
Number (must match IRS Letter)³**

Telephone

Email

Address

City/State/Zip

¹ If Respondent is a Corporation or other legal entity, attach a corporate resolution or other appropriate official documentation, which states that the person signing this Solicitation Response is an authorized person that can legally bind the corporation or entity.

² Attach proof of registration with the Texas Secretary of State.

³ Attach a copy of IRS Letter 147C, Verification of Employer Identification Number, or any IRS document listing both the EIN and Entity name on IRS letterhead.

EXHIBIT B. SAMPLE LEASE

CARBON DIOXIDE TRANSPORTATION AND STORAGE LEASE

This Carbon Dioxide Transportation and Storage Lease (this “**Lease**” or “**Agreement**”) is granted by virtue of the authority granted in Chapters 33 and 51 Tex. Nat. Res. Code, 31 TAC Chapter 13 (Land Resources) et seq., Tex. Health and Safety Code Sec. 382.501 et seq., and all other applicable statutes and rules, as the same may be amended from time to time, is subject to all applicable State regulations promulgated from time to time, and is dated to be effective as of _____, 2021 (the “**Effective Date**”), by and between the State of Texas, acting by and through the Commissioner of the Texas General Land Office, on behalf of the Permanent School Fund of the State of Texas, with its primary address at 1700 North Congress Avenue, Austin, Texas 78701 (“**Lessor**”), and _____ with its primary address at _____ (“**Lessee**”). Lessor and Lessee are sometimes individually referred to in this Lease as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. Pursuant to Texas Natural Resources Code, Ch. 33, the Texas School Land Board (the “**SLB**”) is authorized to lease submerged land for any purpose that is in the best interests of the State, subject to the applicable notice requirements of that chapter.

B. Texas Health & Safety Code, Sections 382.501 et seq. allow the SLB to lease Permanent School Fund (“**PSF**”) land for the construction of any necessary infrastructure for the transportation and offshore deep subsurface geologic storage of anthropogenic carbon dioxide.

C. On _____, 20__, the SLB issued RFP No. _____ (the “**RFP**”) and provided the appropriate public notice of the opportunity to lease PSF land for offshore storage of anthropogenic carbon dioxide in compliance with applicable law and as set out in the RFP.

D. Lessee responded to the RFP and applied to become the “**Lessee**” hereunder, and the SLB, finding at its meeting held on _____, 20__, that the award of this Lease to Lessee would be in the best interests of the State, approved this Lease.

AGREEMENT

Now, therefore, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I. GRANT

1.01 Lease of Property. In consideration of the mutual covenants contained herein and other good and valuable consideration, and subject to all of the terms and conditions of this Agreement and for the term of this Agreement, Lessor hereby grants, leases and lets unto Lessee the right to geologic storage of anthropogenic carbon dioxide (“**CO2**”) in a reservoir(s) in the Miocene section beneath the surface of the Permanent School Fund land described in **Exhibit A**

attached hereto (the “**Leased Property**”), together with the right to construct, maintain, and operate pipelines, wells, fixtures, machinery, and equipment on the Leased Property in connection with such geologic storage (such geologic storage area, together with associated pipelines, wells, fixtures, machinery, and equipment, called the “**Facility**” herein, and the permitting, construction, and operation of the Facility, sometimes called the “**Project**” herein). The intent of the Parties is that all equipment, pipe, supports, facilities, meters, systems and ancillary items placed or maintained by Lessee on the “Property” (defined below) shall be considered part of the Facility.

1.02 Surface Access and Easements. In addition to the lease of the Leased Property to Lessee, Lessor hereby grants to Lessee a non-exclusive easement over, across, and under tracts of land owned by the Permanent School Fund for the construction, installation, maintenance, and operation of pipelines, meters, and related equipment for the transportation of CO2 from its source to the Leased Property and the measurement thereof (the “**Easement Tracts**”), as such Easement Tracts are generally shown on **Exhibit B** attached hereto. The Leased Property and the Easement Tracts are, collectively, the “**Property**”.

1.03 Permits. As more fully set forth in Section 2.02 (Development Term) below, Lessee may seek and obtain such federal, state, or local permit rights as are necessary for the Project and the Facility. Upon expiration or earlier termination of this Agreement, at the sole discretion of Lessor, and to the extent permitted by law, Lessor and Lessee shall cooperate to transfer any such permit rights to Lessor. Lessee’s obligation to transfer permits to Lessor shall survive the termination of this Agreement.

1.04 Reserved Rights. Lessor expressly reserves the following from the rights in the Property and in the Easement Tracts otherwise granted to Lessee in this Lease:

(i) **Mineral Leases.** The right to retain existing leases or execute and enter into new leases for the exploration, development, production, treatment, marketing, sale and transportation of oil, gas, and other minerals to third persons, and to grant to such mineral lessees the right to use the surface and subsurface of the Property for ancillary purposes in a manner that does not materially and unreasonably interfere with the rights granted to Lessee in this Agreement.

(ii) **Other Uses of the Property.** The right to enter into, or to grant easements or other access rights to third parties to enter into, the Property and/or the Easement Tracts for any use, to conduct any activity, or to construct, maintain, and operate any facility or infrastructure that does not materially and unreasonably interfere with the rights granted to Lessee in this Agreement.

1.05 Incorporation of the RFP. All of the terms and conditions of the RFP are hereby expressly incorporated into this Agreement as if fully set forth herein; provided, however, that if there is a direct conflict between a provision of this Agreement and a provision of the RFP, the provision of this Agreement shall control.

ARTICLE II. TERM

2.01 Term. Subject to all of the terms and conditions of this Agreement, including, without limitation, Lessee’s compliance with its obligation to pay Rent hereunder (as “Rent” is

defined below), the “**Term**” (herein so called) of this Agreement shall consist, collectively, of each of the Development Term, Construction Term, and Operations Term, as well as the closure and monitoring period following the Operations Term (as those terms are defined below), as and to the extent that each such portion of the Term is in effect pursuant to the terms of this Agreement.

2.02 Development Term.

(a) **Due Diligence.** Subject to earlier expiration because of the commencement of the Construction Term, the first _____ () months following the Effective Date of this Agreement shall be the “**Development Term**”. During the Development Term, and at no cost or expense to Lessor, Lessee may conduct its due diligence and take any action that Lessee believes is reasonably necessary to determine whether the Property is suitable for the Project, including, without limitation, conducting engineering studies, economic studies, applying for permits, and marketing; provided, however, that Lessee may not make any material physical changes to the Property during the Development Term without the prior written approval of Lessor, which approval may be given or not in Lessor’s sole discretion; and provided further that Lessee may not, without the prior written approval of Lessor, apply for a permit the issuance of which would preclude use of the Property by Lessor or its lessees for any purpose that is reserved to Lessor pursuant to Sec. 1.04 of this Agreement.

(b) **Permits.** Lessee shall be solely responsible for applying for and obtaining any and all necessary permits for construction and operation of the Facility, including, without limitation, a US Environmental Protection Agency Class VI UIC well permit (see 75 Federal Register 77229) (“**Class VI Permit**”). Likewise, Lessee shall be solely responsible for ongoing compliance with all federal, State, and local laws, ordinances, and regulations that are or become applicable to the Project and/or the Facility. Lessee must be able to demonstrate to Lessor, to Lessor’s reasonable satisfaction, that all such permits have been obtained and that Lessee is in compliance with all such applicable laws, ordinances, and regulations at the time that Lessee proposes to begin the Construction Term under this Lease. With regard to its obligations under this paragraph, “Lessee” includes the named Lessee as well as its agents and contractors.

(c) **Termination by Lessee.** Provided that Lessee has paid all Rent (as defined below) through and including the effective date of such termination, and is otherwise in compliance with its obligations under this Agreement, Lessee may terminate this Agreement at any time during the Development Term upon thirty (30) days’ prior written notice thereof delivered to Lessor. Lessor acknowledges and agrees that Lessee has provided to Lessor sufficient and independent consideration for such option to terminate. Upon such termination by Lessee, this Agreement and the obligations of the Parties under it, shall terminate, except for any obligation of Lessee that expressly survives termination hereof pursuant to the other terms and conditions of this Agreement, including, without limitation, any such surviving obligations pertaining to indemnification of Lessor, removal of equipment, and remediation.

(d) **No Warranties.** Lessee hereby acknowledges that applicable laws, including, without limitation, Sec. 45Q of the Internal Revenue Code, may require the commencement and/or completion of a CO2 storage facility or of CO2 capture facilities by a date certain in order for an entity to claim the benefit of any federal tax credits associated with the capture and/or storage of CO2. Lessor expressly makes no representations or warranties

whatsoever that Lessee or Lessee's proposed providers of CO2 for storage will be able to satisfy any such requirement. Regardless of the availability of any such tax credit, Lessee's obligation to pay Rent according to the terms of this Agreement shall continue hereunder until such time as Rent is no longer due and payable hereunder pursuant to the other terms and conditions of this Agreement.

(e) **Progress Report.** Beginning with the first such report due on the six-month anniversary of the Effective Date, and every six months thereafter during the Development Term, Lessee shall prepare and submit to Lessor a "**Development Term Progress Report**". Each Development Term Progress Report shall provide Lessee with an update of how development activities are progressing, including with regard to permitting activities, possible sources of CO2 for storage, and the results of studies regarding engineering for and upcoming construction of the Facility. Subject to the notice and cure provisions of this Lease, Lessee's failure to provide Lessor with a Development Term Progress Report shall be a default under this Lease.

(f) **Deadline to Apply for Class VI Permit.** Notwithstanding any other provision of this Agreement to the contrary, if Lessee has not applied for a Class VI Permit for the Facility within ____ () months after the Effective Date, or if Lessee has not obtained a Class VI Permit for the Facility within ____ () months after the Effective Date, Lessor may terminate this Agreement upon thirty (30) days written notice thereof delivered to Lessee.

2.03 Construction Term

(a) **Duration.** Subject to the other provisions of this Agreement, the "**Construction Term**" shall (a) begin on the earlier of (i) the expiration of the Development Term (if Lessor or Lessee have not earlier terminated this Agreement as provided above), or (ii) the date on which Lessee gives written notice to Lessor of Lessee's intent to proceed with construction of the Facility on the Property, and shall (b) end on the earlier of (i) the date that the Facility is complete and fully permitted such that Lessee may begin receiving and storing CO2 at the Facility pursuant to its permits and this Agreement (the "**Complete Date**"), or (b) the expiration of ____ () months after the commencement of the Construction Term.

(b) **Termination by Lessor.** If Lessee has not achieved the Complete Date by the expiration of the Construction Term, Lessor may terminate this Agreement upon thirty days written notice thereof delivered to Lessee no more than ____ days after the expiration of the Construction Term.

(c) **Lessee Solely Responsible.** Lessee shall be solely responsible for designing, manufacturing, procuring, permitting, fabricating, constructing, erecting, installing, operating, maintaining and paying for all equipment, pipelines, wells, supports, facilities, systems and ancillary equipment relating thereto, to be located on the Property, to:

- (1) receive the CO2 into the most upstream point of the Facility;
- (2) transfer, transport and pipe the CO2 to the inlet of the scrubber(s) or compressors (if any);

(3) compress, pump, and measure (and dehydrate or purify as necessary) the CO₂; and

(4) deliver the CO₂ downstream into permanent storage in the Facility.

(d) Diligent Pursuit. During the Construction Term, at no cost or expense to Lessor, Lessee shall construct and complete the Facility. If Lessee has not achieved the Complete Date by the end of the Construction Term, and if Lessor has not exercised its right to terminate the lease, Lessee shall, nevertheless, continue diligently working during the Operations Term (defined below) to construct the Facility, achieve the Complete Date, and begin operating the Project.

(e) Construction Plans. Lessee acknowledges that, as the owner of the Property, Lessor has a reasonable and legitimate interest in remaining informed about the location, design, construction, and operation of the Facility. Lessee shall (i) maintain and retain, and provide Lessor with access to, an online repository for the documents prepared and submitted for the approval and maintenance of the Class VI Permit for the Facility, as well as all plans and documents prepared for the ISO standard, and, (ii) as requested by Lessor, provide Lessor with copies of all relevant permits, plans, schematics, as-builts, and all other materials reasonably requested by Lessor that pertain to the design, construction, location, and operation of the Facility (collectively, the “Plans”). Notwithstanding the foregoing, however, Lessee shall be solely responsible and liable for the permitting, design, and construction of the Facility, and the receipt by Lessor of the Plans and any commentary by Lessor to Lessee regarding the Plans shall not be construed in any way as the undertaking by Lessor of any professional or legal responsibility whatsoever for either the completeness or adequacy of the Plans or the Facility as it is actually constructed and operated by or on behalf of Lessee. Lessee shall be solely responsible for all performing and/or obtaining all testing, inspections, and approvals necessary for Lessee to achieve the Complete Date and to begin operating the Facility as intended by this Agreement.

(f) Minimum Construction Requirements. Lessee shall design and construct the Facility, and operate the Project, so that there is a reasonable expectation that at least 99 percent of the CO₂ sequestered in the Facility will remain sequestered for at least 1,000 years. All work done by or on behalf of Lessee with regard to the Project shall be (i) pursued diligently and timely, and performed in a good and workmanlike manner, and (ii) undertaken in full compliance with all applicable laws and regulations, as well as industry best practices, including as set out in ISO 27914 (and successor standards) (see definition of “ISO Standard”, below).

2.04 Operations Term

(a) Duration. The “Operations Term” shall begin immediately upon the expiration of the Construction Term (the “Operations Commencement Date”), and shall end after the expiration of _____ years after the Operations Commencement Date or upon the earlier termination of this Agreement pursuant to the terms hereof.

(b) Lessee’s General Obligations. During the Operations Term, Lessee shall (i) maintain all permits necessary under applicable law for the initial and continued operation of the Facility, including, without limitation, a Class VI Permit, (ii) seek and accept anthropogenic CO₂ for transportation to and storage in the Facility, (iii) inject CO₂ into the Facility, subject to

limits set out in this Agreement or in applicable regulations, (iv) obtain, operate, maintain, repair, and replace all pipelines, meters, equipment, and machinery as necessary for the safe and effective operation of the Facility, (v) satisfy all requirements on Lessee under this Agreement, including, without limitation, with regard to metering and reporting, (vi) pay all amounts owing to Lessor pursuant to the terms of this Agreement, and (vii) when it becomes appropriate, and with sufficient time prior to the expiration or earlier termination of this Agreement, prepare for and, as applicable, perform all actions and install all equipment reasonably necessary for the post-injection period, including for closure of the Facility and post-closure monitoring.

(c) **Continuous Operations.** If, following the Operations Commencement Date, Lessee injects less than ____ tons of CO₂ (the “**Minimum Amount**”) per month into the Facility in any four of six continuous months, then Lessor may terminate this Lease upon thirty (30) days written notice thereof delivered to Lessee. The foregoing requirement for continuous operations will not apply for a month during which the Minimum Amount is not injected into the Facility because of repairs to or replacement of pipeline, compression, or injection well equipment diligently pursued and completed, or because of the occurrence of a force majeure event, as described in Section 10.02 (Force Majeure) below.

(d) **Planned Stoppage.** Lessee shall notify Lessor in writing not less than 30 days prior to any scheduled cessations to injection operations due to planned stoppage for maintenance, monitoring, or verification activities. Lessee shall take all reasonable precautions to minimize the amount of time that injection ceases during the term of the lease. Lessee shall prepare a report of all planned or unplanned activities which occur during each period of time where injection operations cease, and shall make such reports available to Lessor upon request. The reports shall be sealed by a professional engineer or geoscientist licensed in the State of Texas and shall describe the justification for the outage and its actual (or expected) duration. Failure to comply with this provision shall be grounds for termination of the lease.

(e) **Limit of Facility.** At such time as the Facility has reached the limit of its capacity to store injected CO₂, Lessee shall cease transporting CO₂ to the Facility for injection, and shall otherwise cease injecting CO₂ into the Facility. With the cessation of injection of CO₂ into the Facility as the result of reaching the maximum technically accessible storage volume, the Operations Term shall terminate.

(f) **Removal of Property.** Subject to Lessor’s remedies in the event of a default hereunder by Lessee, Lessee shall have the right, at any time during the term of this Lease, to remove any personal property, improvements, equipment and fixtures placed by Lessee on the Property, provided, however, that no such removal may materially adversely affect the operation or safety of the Project.

2.05 Closure and Monitoring. Following the expiration or earlier termination of the Operations Term, the Term of this Agreement shall remain in effect, and Lessee shall remain responsible for closure of the Facility and the establishment of monitoring equipment and protocols, and for taking any other action, all in compliance with applicable regulations and industry best standards to ensure the continued, safe storage of CO₂ in the Facility as required by the terms of this Agreement. To the extent that Lessee’s compliance with its closure and monitoring obligations hereunder (including under applicable State and federal statutes and rules)

requires the posting of bonds, letters of credit, or other financial assurance, Lessee shall remain responsible for satisfying such fiscal assurance requirements. Lessee's monitoring and financial assurance obligations under this Section 2.05 expressly survive the expiration or earlier termination of this Agreement.

2.06 No Warranty. Lessee expressly accepts and assumes all risk and liability for penalty, civil or criminal fines or charges, or any other consequence, whether in connection with environmental damage, misreporting to governmental entities, Section 45Q obligations, or any other context, arising in connection with operation of the Project, including its ultimate closure. The obligations of Lessee under this section expressly survive expiration or earlier termination of this Agreement.

ARTICLE III. RENT

3.01 Rent and Royalty. During the Term of this Agreement, Lessee shall pay consideration to Lessor as follows:

[This section will be based on Respondent's proposal in its response to the RFP.

Rent shall include a minimum rent paid during the Development Term and Construction Term, a rent paid during the Operations Term based on throughput, storage capacity, Sec. 45Q tax credit or other carbon credit values, Lessee's monetization of the value of the CO₂ to be stored, and/or other factors, and consideration paid to support post-closure obligations, including monitoring, described in this Agreement.

A portion of rent may be required and designated to be passed along to a third party for purposes of independent measurement, monitoring, and verification activities with regard to the CO₂ storage in the Facility.]

3.02 Definitions.

(a) Lease Year. A "Lease Year" means each successive twelve (12) month period commencing on the Effective Date.

[If and as necessary for the negotiated Rent terms, the following terms (b) and/or (c) will have these meanings:] -

(b) "Section 45Q Credits" means any rights, credits, revenues, tax benefits or values, carbon-related tax credits or other quantifiable benefits generated by either Lessee or a customer of Less for CO₂ stored in the Facility under this Agreement pursuant to 26 U.S.C. § 45Q (see IRS Notice 2009-83).

(c) Carbon Credit means any rights, credits, revenues, offsets, tax benefits or values, greenhouse gas rights or similar rights related to carbon credits (including, without limitation, IRS Sec. 45Q credits), rights to any greenhouse gas emission reductions, carbon-related tax credits or equivalent arising from emission reduction trading or any quantifiable benefits (including recognition, award or allocation of credits, allowances, permits or other tangible rights), whether created from or through a governmental authority, other person, or private contract, now

or in the future, associated with the production, capture and sequestration of CO₂, operation of the Facility, or other operation of the Project, and including such rights to sell or trade any of the aforementioned domestically or internationally, and including the right to count or claim any applicable reductions pursuant to the Department of Energy's Climate Challenge Program, to register all such reductions pursuant to § 1605 of the Energy Policy Act of 1992, and any other program of a governmental authority designed to encourage or reward the reduction of greenhouse gas emissions.

[if and as necessary, depending on Rent terms] **3.03 Audit of Tax Information.**

The Parties anticipate that either Lessee or a customer of Lessee will realize quantifiable value from a Carbon Credit. In order for Lessor to be able to audit Rent due under this Lease, Lessee will provide, for itself, or will require copies of, for contracts with third party customers, the tax return for the year in which the credit was claimed and for which tax credit value was realized; provided, that the portions of a tax return that are not germane to any such tax credit may be withheld or redacted.

3.04 Payments and Statements. Lessee will make the first Operations Term Rent payment within sixty (60) days after the date of Lessee's initial storage of CO₂ in the Property. Thereafter, Lessee will pay Rent on a monthly basis with respect to the CO₂ stored in the Property by Lessor as calculated *[per the negotiated rental provisions above]*, with such payments being due no later than thirty (30) days after the last day of the relevant month. Each Rent payment shall include *[information from Lessor's metering/reporting sections below]*.

ARTICLE IV. OWNERSHIP OF CO₂

4.01 Ownership of Stored CO₂. The CO₂ transported to and stored in the Facility remains the property of Lessee or the generator of the CO₂ according to the agreements between them, until such time as the SLB may elect to accept ownership of the CO₂ pursuant to this Section 4.01; provided, however, that Lessee and/or the generator, as the case may be, even while owning the CO₂ may not withdraw or make any other use of the CO₂ in storage, as the Parties agree that CO₂ storage in the Facility as contemplated by this Agreement is intended to be permanent. Once CO₂ has been delivered into storage into the Facility, and once the SLB has determined that permanent storage has been verified and that the storage has met all applicable State and federal requirements for closure of CO₂ storage sites, the SLB shall acquire title to the CO₂ stored in the Facility. However, delivery of CO₂ into the Facility or acceptance of ownership of the CO₂ by the SLB on behalf of the PSF does not relieve Lessee of liability for any act or omission regarding the construction, operation, or closure, as applicable, of the Project.

ARTICLE V. METERING

5.01 Mass Determination. The mass of CO₂ delivered into the Facility shall be determined as follows: *[to be negotiated]*

5.02 Measuring Stations.

(a) **Costs.** The costs and expenses of installing, operating, and maintaining measuring stations (including all equipment, whether a single instrument or multiple instruments,

necessary to determine the mass of stored CO₂) required by this Agreement shall be borne solely by Lessee.

(b) **Location; Adequacy.** The type, size, and location of Lessee's proposed metering for the Project are subject to the prior written approval of Lessor, such approval not to be unreasonably delayed or withheld. Lessee shall maintain one or more measuring stations, at least one of which must be located at the wellhead where CO₂ is injected, in part for purposes of Lessor's audit of Rent paid hereunder. Lessee shall provide Lessor with copies of plans and drawings for Lessee's proposed transportation and storage system, including information regarding meter locations and specifications, so that Lessor has sufficient information to assess the adequacy of Lessee's proposed metering for purposes of this Agreement. Lessee's metering should, among other things, be adequate to measure (i) the mass of CO₂ being injected into the Facility, and (ii) the mass of CO₂ retained within the Facility at any given time.

(c) **Standards.** Each measuring station for CO₂ mass delivered pursuant to this Agreement shall be equipped in accordance with at least the standards (i) set forth in all applicable chapters of the American Petroleum Institute Manual of Petroleum Measurement Standards and (ii) of the American Gas Association. Subject to the prior approval of Lessor, measurement equipment will be subject to change to allow the use of improved technology under such standards.

5.03 Meter Calibration and Meter Tests. Lessee shall ensure that the measurement equipment for the Project is accurate and in good repair, and that such periodic tests of that equipment as Lessee may deem necessary are made as often as needed, but in no event less frequently than at least once every _____ months per meter; provided, Lessee agrees to perform additional calibrations at the request of Lessor, and at Lessor's expense, unless such requested calibration results in an adjustment greater than +/- _____.0%, in which case, Lessee will pay for the cost of the calibration. Lessee shall promptly deliver to Lessor (or maintain in the online repository of plans and documents referenced in Section 2.03(e) above) copies of the results of all calibrations. If, upon any such calibration, the measuring equipment is found to be (a) within _____.0% accurate, such equipment shall be considered correct in computing deliveries, and (b) inaccurate by any amount exceeding _____.0% error, repairs shall be made immediately at Lessee's cost, and any previous reading of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, then for one-half (1/2) of the period of time elapsed since the date of the last calibration.

ARTICLE VI. MONITORING

6.01 Monitoring and Verification – ISO Standard. Lessee shall adhere to all provisions of International Standard ISO 27914, First Edition 2017-10, "Carbon dioxide capture, transportation and geological storage — Geological storage" (the "**ISO Standard**") in addition to, and consistent with, all other applicable regulatory requirements, including, but not limited to, all Class VI Permit requirements. Future published versions of the ISO Standard may later be adopted with the written consent of Lessor. Lessee shall make all plans, models and reports required by the ISO Standard, along with any associated supporting data, available to Lessor upon request. All reservoir models, well logs, well tests and other monitoring and verification studies performed on or for the Facility shall be interpreted by a professional engineer or geoscientist licensed in the State of Texas, and such interpretations shall be made available to Lessor upon request. Lessee

shall permanently archive copies of all the aforementioned documents no later than the earliest of the closure date of the repository or the lease termination date.

6.02 Seismicity. Without limiting the foregoing, Lessee shall conduct an annual review of the seismicity relating to the Property and immediately adjacent land and report its findings to Lessor. If such findings indicate that seismicity is increasing in any particular location, Lessee will make commercially reasonable efforts to adjust its CO2 injection operations, using generally accepted engineering principles and industry best practices, in order to reduce the possibility of damaging seismic activity.

ARTICLE VII REPORTING

7.01 Reports with Payments. During the Operations Term, Lessee shall submit to Lessor, at the same time that Rent is paid, a report identifying the source(s) and mass of CO2 that has been gathered and injected into the Facility during the period for which Rent is being paid. Lessee shall submit to Lessor a copy of all filings and reports, when filed, that Lessee must file with the relevant governmental authority in connection with maintaining its Class VI Permit(s).

7.02 Statutory Reporting. Pursuant to requirements of Texas Health and Safety Code, Ch. 382, at least annually, Lessee must submit a report to Lessor regarding the Project, including information regarding the measurement, monitoring, and verification of the permanent storage status of the CO2 stored in the carbon dioxide repository. Such information must include (i) the total mass of CO2 stored; (ii) the total mass of CO2 received for storage during the year; and (iii) the mass of CO2 received from each producer of CO2.

7.03 Damage to the Property. Lessee acknowledges that its operation of the Project could damage the quality and quantity of storage pore space in the Property and/or in adjoining submerged land owned by Lessor. In order that Lessee can be informed regarding the condition of the Property, Lessee shall provide copies of reports no less often than every ____ months during the entire Term of this Agreement pertaining to (i) leak rates, (ii) leak detection (whether by pressure transient well tests or otherwise), or (iii) whether damage to the Property is reasonably likely to have caused the affected pore space to have become unsuitable for future storage. Damage to the pore space in the Facility caused by Lessee's operations hereunder, which damage could have been foreseen and avoided by a reasonably prudent operator, shall be a default hereunder and shall be subject to injunction by Lessor, the assessment of monetary damages by Lessor (based on the reduction in future usefulness of the Property as an asset for CO2 storage), or any other remedy available to Lessor at law or in equity.

7.04 Other Agency Reporting Requirements. If, at any time during the Term of this Agreement, the Texas Commission on Environmental Quality, the Texas Railroad Commission, the GLO, or any other relevant State agency promulgates rules for the reporting of CO2 storage, then Lessee must (i) comply with those rules, and (ii) send to Lessor a true and complete copy of any report or information provided to such State agency in compliance with such rules.

VIII LESSEE'S REPRESENTATIONS

8.01 **Lessee's Representations.** Lessee hereby represents and warrants to Lessor that (i) Lessee is authorized to do business in the State of Texas, (ii) entering into this Lease is an action duly authorized on behalf of Lessee by its management and in accordance with its organic documents, (iii) the person executing and delivering this Lease has the requisite authority to bind Lessee to Lessee's obligations hereunder, and (iv) during the Term of this Lease, Lessee will maintain all necessary permits for operation of the Project, and will make commercially reasonable good faith efforts to remain in compliance with all statutes and regulations applicable to the Project.

IX LESSEE'S DEFAULT AND LESSOR'S REMEDIES

9.01 Default by Lessee; Notice and Cure; Removal and Restoration.

(a) **Default.** Subject to the notice and cure provisions below, if Lessee is not in compliance with the terms of this Lease, including, without limitation, the terms of this Lease that require payment of Rent, that require the maintenance of necessary permits, that require compliance with applicable laws and regulations, and that limit the use that may be made of the Property by or on behalf of Lessee, Lessee shall be in default hereunder.

(b) **Notice and Cure.** Lessee's failure to comply with the terms of this Lease shall not constitute a default hereof unless, following thirty (30) days prior written notice from Lessor specifying a default or breach of this Lease, Lessee fails to pay any money due hereunder or continues in breach of any term or condition of this Lease, in each case as specified in such notice. Except in the event of a default in the obligation to pay Rent, which obligation the Parties hereby agree is susceptible to cure within the 30-day period, if an event of default or breach of this Lease is not reasonably susceptible to cure within the 30-day period, then, provided that Lessee is diligently working to cure such event of default or breach of this Lease within and beyond such 30-day period and diligently pursues such cure to completion, Lessor shall not have the right to terminate this Lease with respect to such event of default or breach, unless the default or breach is not cured within ninety (90) days of Lessor's initial notice of the default, or such other time as agreed to by Lessor.

9.02 **Lessor's Remedies.** Lessor shall have, as a remedy for Lessee's default hereunder, all remedies available to it in law or in equity except as any such remedy may be limited by the express terms of this Lease, including, at Lessor's sole discretion, the right to terminate this Lease and all rights inuring to Lessee hereunder by sending written notice of such termination to Lessee in accordance with this Lease. (Section 7.03 (Damage to the Property) above is not limited by the terms of this Article IX.) Upon sending of such written notice of termination, this Lease shall automatically terminate and all rights granted herein to Lessee shall revert to Lessor. Such termination shall not prejudice the rights of Lessor to collect any money due or to seek recovery on any claim arising hereunder, and nor shall any such termination relieve Lessee of its obligations hereunder that survive expiration or earlier termination of this Lease.

9.03 **Removal of Property; Restoration.** Upon expiration or earlier termination of this Lease, at Lessor's sole option, Lessee shall (1) convey all personal property and improvements of Lessee on the Property to Lessor, or (2) (A) restore the Property to its original topographical condition that existed as of the Effective Date, and (B) remove all personal property

and any improvements placed or constructed on the Premises by or on behalf of Lessee from the Premises. The terms of this section shall survive expiration or earlier termination of this Lease. Lessor and Lessee agree that, in the event Lessee fails to restore the Property or remove its personal property or improvements within the time specified in a notice provided pursuant to this Section 9.03, then Lessor may, at its sole option, remove and dispose of such property (with no obligation to sell or otherwise maintain such property in accordance with the Uniform Commercial Code), at Lessee's sole cost and expense, or Lessor may elect to own such property by written notice of such election provided. If Lessor elects to remove Lessee's property and dispose of it pursuant to this Section, then in such an event Lessee shall be obligated to reimburse Lessor for the reasonable costs of such removal and disposal within ten (10) days of Lessor's demand for reimbursement. The terms of this section shall survive expiration or earlier termination of this Lease.

X MISCELLANEOUS

10.01 Taxes and Fees.

(a) **Responsibility.** Lessor represents that it is exempt from taxation. If any taxes or liens are levied on Lessee's interest under this Lease, or if any other taxes or assessments are appropriately levied against the Property, Lessee shall pay such taxes and assessments prior to the due date, or pay any late fees or charges if not paid in a timely manner, directly to the taxing authority. Lessee may in good faith and at its sole cost contest any such taxes or assessments, and shall be obligated to pay the contested amount only if and when finally determined to be owed. **LESSEE AGREES TO AND SHALL PROTECT AND HOLD THE LESSOR HARMLESS FROM LIABILITY FOR ANY AND ALL TAXES, CHARGES, AND ASSESSMENTS, TOGETHER WITH ANY PENALTIES AND INTEREST THEREON, AND FROM ANY SALE OR OTHER PROCEEDING TO ENFORCE PAYMENT THEREOF.**

(b) **Proceedings.** With the express prior written consent of Lessor, Lessee may (but is not required to) prosecute any administrative or judicial proceedings relating to the Property and the rights conveyed herein including, but not limited to, contesting any taxes or fees assessed or levied upon the Property as a result of Lessee's equipment, leasehold or easement interest, or operations hereunder. With the express prior written consent of Lessor, Lessee may undertake any administrative or judicial proceeding in the name of Lessor.

10.02 Force Majeure. If operation of the Project is delayed or interrupted by events beyond the reasonable control of Lessee, such as hurricane, flood, other Acts of God, fire, war, or action or inaction by any governmental authority other than Lessor, Lessee shall be excused from non-performance during the pendency of such event. Notwithstanding the foregoing, in the event of force majeure, Lessee must pay at least the Minimum Rent.

10.03 As Is, Where Is. LESSEE HAS HAD THE OPPORTUNITY TO INSPECT THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PROPERTY AND ACCEPTS SAME "AS IS" IN ITS EXISTING PHYSICAL AND TOPOGRAPHIC CONDITION. LESSEE IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY OF THE LESSOR REGARDING ANY ASPECT OF THE PROPERTY, BUT IS RELYING ON LESSEE'S OWN INSPECTION OF THE PREMESIS AND PROPERTY. LESSOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY,

MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER WARRANTY WHATSOEVER NOT EXPRESSLY SET FORTH IN THIS LEASE. LESSEE WILL MAKE ITS OWN DETERMINATION OF THE USABILITY OF THE PROPERTY FOR THE PROJECT. LESSOR AND LESSEE HEREBY AGREE AND ACKNOWLEDGE THAT THE USE OF THE TERMS “GRANT” AND/OR “CONVEY” IN NO WAY IMPLIES THAT THIS LEASE OR THE PROPERTY ARE FREE OF LIENS, ENCUMBRANCES AND/OR PRIOR RIGHTS. LESSEE IS HEREBY PUT ON NOTICE THAT ANY PRIOR GRANT AND/OR ENCUMBRANCES MAY BE OF RECORD AND LESSEE IS ADVISED TO EXAMINE ALL RECORDS OF THE STATE AND COUNTY IN WHICH THE PROPERTY IS LOCATED. THE TERMS OF THIS SECTION SHALL SURVIVE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

10.04 Notices. All notices given pursuant to this Lease shall be in writing, and may be sent by (a) first class U.S. mail postage prepaid, certified, return receipt requested or (b) overnight mail, in each case addressed to the Party to be notified at the address listed for such Party above. A copy of such notice shall also be provided by email, if to Lessor, to the Deputy Director of Energy Resources for the Texas General Land Office, or other express designee of Lessor, and if to Lessee, to _____. A Party may change its address for notice by giving notice to the other Party.

10.05 Audits; Availability of Tax Returns. Lessor shall have the right, no more than once per Lease Year, during regular business hours, personally or by representative, to inspect the books, accounts, contracts, records and data of Lessee solely as they pertain to the operation of the Project, storage of the CO₂, receipt and/or use of Section 45Q or other Carbon Credits (if applicable to the Rent hereunder), and any other matter reasonably deemed subject to the terms of this Lease. To the extent that the relevant information regarding Lessee’s tax credits, including their effect on the Rent due to Lessor under this Lease, is part of Lessee’s state and/or federal tax return(s), Lessee shall make available to Lessor any and all information, including tax returns, as is necessary for Lessor’s audit purposes hereunder. Lessee hereby waives any objection to making such information available to Lessor for audit purposes, provided, however, that Lessee may hold back or redact information from such tax return(s) that is not relevant to Rent as long as the available and non-redacted information is sufficient for Lessor’s audit purposes hereunder, as determined by Lessor in its sole discretion.

10.06 Memorandum of Lease. Lessee shall, at its sole cost and expense, record a Memorandum of Lease in the Official Public Records of the county or counties in which the Property is located and provide a file marked copy of same to Lessor within sixty (60) days after this Lease is executed by all Parties.

10.07 Counterparts. This Lease may be executed in counterparts, each of which shall be considered an original for all purposes.

10.08 Assignments. The interests of Lessor under this Lease may be freely assigned. The interests of Lessee under this Lease may be assigned on the prior written consent of Lessor (not to be unreasonably withheld, conditioned, or delayed), but not otherwise.

10.09 Protection of Natural and Historical Resources. LESSEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966 (16 USC § 470, ET SEQ.) AND THE TEXAS ANTIQUITIES CODE (TEX. NAT. RES. CODE CH. 191), AS THE SAME MAY BE AMENDED FROM TIME TO TIME. IN THE EVENT THAT ANY SITE, OBJECT, LOCATION, ARTIFACT OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL OR HISTORIC INTEREST IS ENCOUNTERED DURING ANY ACTIVITY ON ANY PORTION OF THE PROPERTY OWNED IN FEE BY LESSOR, LESSEE SHALL IMMEDIATELY CEASE SUCH ACTIVITIES AND SHALL IMMEDIATELY NOTIFY LESSOR AND THE TEXAS HISTORICAL COMMISSION, P.O. BOX 12276, AUSTIN, TEXAS 78711, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE. IN THE EVENT LESSEE IS REQUIRED TO CEASE ACTIVITIES UNDER THE LEASE AS TO ANY PORTION OF THE PROPERTY, THE MINIMUM ROYALTY SET FORTH IN SECTION 4(D) SHALL NOT APPLY FOR ANY PERIOD FOR WHICH LESSEE IS REQUIRED TO CEASE ACTIVITIES.

10.10 Governing Law and Venue; Compliance with Laws. This Lease shall be governed by the laws of the State of Texas. Exclusive venue for any dispute arising under or relating to this Lease shall be in any court of competent jurisdiction in Travis County, Texas. Lessor and Lessee agree that each of them will comply with all applicable federal, state and local laws and all applicable ordinances, rules, orders, and regulations of any authority having jurisdiction over the activities of Lessor or Lessee under this Lease.

10.11 Further Assurances. The Parties shall take all further actions and shall execute and deliver to the other any document or instrument which is necessary to fully carry out the transactions contemplated by this Lease. The Parties shall cooperate with each other and act in good faith to accomplish the purposes of this Lease.

10.12 Lessee Liability. LESSEE SHALL BE FULLY LIABLE AND RESPONSIBLE FOR ANY DAMAGE, OF ANY NATURE, ARISING OR RESULTING FROM ITS OWN ACTS OR OMISSIONS RELATED TO ITS EXERCISE OF THE RIGHTS GRANTED HEREIN. LESSEE AGREES TO AND SHALL INDEMNIFY AND HOLD LESSOR, LESSOR'S OFFICERS, AGENTS, AND EMPLOYEES, HARMLESS FROM AND AGAINST CLAIMS, SUIT, COSTS, LIABILITY OR DAMAGES OF ANY KIND, INCLUDING STRICT LIABILITY CLAIMS, WITHOUT LIMIT AND WITHOUT REGARD TO CAUSE OF THE DAMAGES OR THE NEGLIGENCE OF ANY PARTY, AND WHETHER FOR DAMAGES TO PROPERTY OR THE ENVIRONMENT OR INJURY OR DEATH OF ANY PERSON, OR ANY COMBINATION THEREOF, EXCEPT FOR THE CONSEQUENCES OF THE GROSSLY NEGLIGENT ACTS OR WILLFUL MISCONDUCT OF LESSOR, LESSOR'S OFFICERS, AGENTS, OR EMPLOYEES, ARISING DIRECTLY OR INDIRECTLY FROM LESSEE'S OPERATION OF THE PROJECT, INCLUDING ITS USE OF THE PROPERTY AND THE FACILITY (OR ANY ADJACENT OR CONTIGUOUS PSF LAND) OR FROM ANY BREACH BY LESSEE OF THE TERMS CONTAINED HEREIN. THE PROVISIONS OF THIS SECTION SHALL SURVIVE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

10.13 Lessee Insurance. Lessee shall obtain and maintain at all times during the Term of this Lease all of the insurances, and in the amounts, as were required pursuant to the RFP.

10.14 Miscellaneous. This Lease may not be amended except in a writing signed by Lessor and Lessee. Nothing in this Lease shall be construed as creating any form of partnership of joint venture relationship between the Parties. No third party shall be deemed a third-party beneficiary of this Lease. This Lease (which specifically incorporates the non-conflicting terms of the RFP, as described above) constitutes the entire agreement between Lessor and Lessee and supersedes all oral statements and prior understandings relating to the subject matter contained in this Lease. Except as set forth in this Lease, no representations, warranties, or agreements have been made by either Party to the other Party with respect to this Lease. If any part of this Lease is illegal, invalid or unenforceable under present or future laws, then the remainder of this Lease shall not be affected and in lieu of such part there shall be added a clause or provision as similar in terms to such illegal, invalid, or unenforceable part as may be legal, valid, and enforceable, and any affected part shall be severed from this Lease if necessary to enforce the remainder of this Lease.

[10.15 *Lessor and Lessee may negotiate a standard, limited Lender Protection provision, if needed.*]

[SIGNATURE PAGE FOLLOWS]

Given under my hand and Seal of Office

LESSOR

LESSEE

The State of Texas

By: _____
George P. Bush

By: _____

Commissioner, Texas General Land Office
On behalf of the Permanent School Fund

APPROVED:

Staff: _____

Dir.: _____

OGC: _____

Exec.: _____

STATE OF _____

§
§
§

COUNTY OF _____

This instrument was acknowledged before me on _____, 20__, by _____
_____, _____ of _____, a _____
_____, on behalf of said _____.

Notary Public in and for the State of _____

EXHIBIT A

DESCRIPTION OF PROPERTY