

OneNexus Assurance™

Asset Retirement Obligation Guarantee.

OneNexus Assurance is a unique product that provides E&P companies a guarantee that the decommissioning of their oil and gas assets will be fully funded and properly executed.

When a well is covered by OneNexus Assurance, the Operator has the sole and irrevocable right to transfer title at any time in the future, guaranteeing

OneNexus will be the final owner of the asset at the end of its useful life. OneNexus is a registered Decommissioning Operator™, focused solely on decommissioning, not producing, oil and gas assets.

Secured Funding for the Future

Funds for plugging are held in a capital reserve account with a wholly-owned insurance company that is regulated by the Oklahoma Insurance Department's Captive Insurance Division

- ✓ Regulated by Oklahoma Insurance Department's Captive Insurance Division and verified by 3rd party actuarial review.
- ✓ Investment grade ratings for both capital and insurance entity provide multiple layers of protection
- ✓ OneNexus Assurance remains with a well for its life, even if the Operator of the well changes.
- ✓ Reinsurance reduces reserve capital exposure to cost overruns



Discharge ARO:

Upon the signing of OneNexus Assurance policy, OneNexus assumes the role of primary obligor with the legal responsibility to fulfill the ARO. The ARO liability can be derecognized, remeasured, or offset on the balance sheet and is considered settled and fulfilled, allowing it to be removed from reserve reports, audited financial statements, and bank borrowing bases.



Predecessor-in-Interest Protection

OneNexus Assurance stays with the well, guaranteeing OneNexus will be the final owner of the asset and eliminating concerns that the asset may be sold to lesser credit-worthy entities risking who may not fulfill the retirement obligations.



Protection Against Unknown Future Risk:

OneNexus Assurance protects against price inflation and unknown environmental liabilities associated with decommissioned wells.



Simplifies the A&D process

No haggling over value or discount factors associated with future ARO's. Assets are sold clear of ARO liabilities. Higher purchase price - No reduction for future ARO's.



Benefits to ESG

Protecting the industry's Social License to Operate

- ✓ **CSR, ESG & RSG Strategy:** Asset retirement planning is essential to any Corporate Social Responsibility (CSR), Environmental Social and Governance (ESG), and Responsibly Sourced Gas (RSG) strategy.
- ✓ **UN 2030 SDGs:** Aligns with the United Nations Sustainable Development Goal 6 and Goal 12 of the 2030 Agenda for Sustainable Development.
- ✓ **Environmental Stewardship:** Asset decommissioning offers a tangible way to reduce greenhouse gas (GhG) emissions and prevents soil and water contamination.
- ✓ **Prevents Orphan Wells:** OneNexus Assurance policies demonstrate a commitment to asset retirement and prevent future orphan wells which are dangerous to surrounding communities.
- ✓ **Responsible Governance:** Responsible financial and corporate governance includes planning for the decommissioning of assets.
- ✓ **Energy Transition:** Clean up of the current infrastructure is essential to energy transition and responsible operatorship.

Frequently Asked Questions

Does OneNexus take title to the well? If so, who determines when a well is transferred to OneNexus?

Yes, OneNexus takes title to the well. The operator shall have the sole and irrevocable right to transfer the title of the asset to OneNexus at any point in time, typically at the end of the well's useful life.

What is the cost of OneNexus Assurance?

OneNexus Assurance covers all future ARO expenses for less than 1% of the D&C costs of new wells. Payment can be financed over a 10 year period. Contact us for custom quotes: Pricing@OneNexus.com

Can I share the cost with working interest partners?

Yes. The cost of the assurance policy can be billed to working interest partners similar to the cost of well-control insurance. This eliminates the risk that partners will not be able to fulfill their financial portion of the obligation at the time of retirement due to insolvency.

How does OneNexus Assurance affect the balance sheet?

The ARO liability is derecognized, remeasured, or offset once the well is covered by OneNexus Assurance at contract signing. OneNexus assumes the role of primary obligor of the ARO and takes on the legal responsibility to settle the ARO at the appropriate time in the future.

How is OneNexus Assurance treated in a divestiture?

OneNexus Assurance remains with an asset. The right to transfer the title of the asset to OneNexus will then reside with the new operator.

Does coverage by OneNexus Assurance protect me from predecessor in interest liability?

Yes. OneNexus Assurance remains with an asset, even through divestitures, thus mitigating the risk that the decommissioning responsibility comes back to the original owner if a future owner defaults.

How can OneNexus guarantee that the ARO liability will be met?

Through its investment-grade rated insurance company, OneNexus can guarantee that the funds will be available in the future. Funds for plugging are held in a capital reserve account with a wholly-owned insurance company that is regulated by the Oklahoma Insurance Department's Captive Insurance Division.

How is this different from bonding?

Unlike bonds, OneNexus Assurance is directly applied to the ARO, thus removing the operator's future obligation to fund and perform the decommissioning work. Bonds are posted for the benefit of the state, and the operator is still responsible for the cost and execution of the retirement obligation.

Is the original operator still liable for the well after it is plugged?

No. Since operatorship and title of the well(s) are transferred to OneNexus, the client has no future liabilities in relationship to the asset. As the final operator of record, OneNexus will be responsible for any future environmental liabilities and compliance with State/Federal requirements which could include post-plugging well bonding.

Why does OneNexus refer to itself as a Decommissioning Operator™?

OneNexus is a first-of-its-kind operator, focused solely on decommissioning, not producing, oil and gas assets.