LAPIS

PROJECT BLUE UPDATE: DEC. 2025-JAN. 2026

LAPIS

CONTENTS

ABOUT LAPIS AND PROJECT BLUE

WHAT WE DO

Lapis develops, constructs, and operates Carbon Capture, Utilization, and Storage (CCUS) projects, providing solutions for emitters looking to decarbonize industrial operations. Our technical expertise allows Lapis to utilize a dual approach to CCUS project development:

- Identifying strategic sites for sequestration
- Providing custom carbon solutions tailored to emitters' needs

CAPTURE

CO_2 capture solutions customized to each industry partner

TRANSPORT

Safe movement of compressed CO_2 to storage sites or utilization partners

UTILIZE

Utilization services to provide CO_2 to food and beverage industry partners

STORE

Permanent CO_2 storage, monitoring, and site closure in line with Class VI EPA standards

ABOUT PROJECT BLUE

Lapis is working with LSB to sequester more than 400,000 metric tons of carbon dioxide (CO_2) per year primarily under LSB's El Dorado, Arkansas, facility. The project will reduce LSB's emissions by 25% and help the company become one of the world's first suppliers of "blue ammonia"—low-carbon ammonia that is critical for a range of industries and applications.

Project Blue is the state's first CCS project and only the third project of its kind in the U.S.

PARTNER
LSB

SERVICE
CAPTURE, TRANSPORTATION, AND STORAGE

ESTIMATED VOLUME
400,000+ METRIC TONS OF CO_2 PER YEAR

CLASS VI STATUS
SUBMITTED

PROJECT TYPE
PRIMARILY UNDER-PLANT SOLUTION

2022
Project development agreement signed

2023
Submitted Class VI permit application

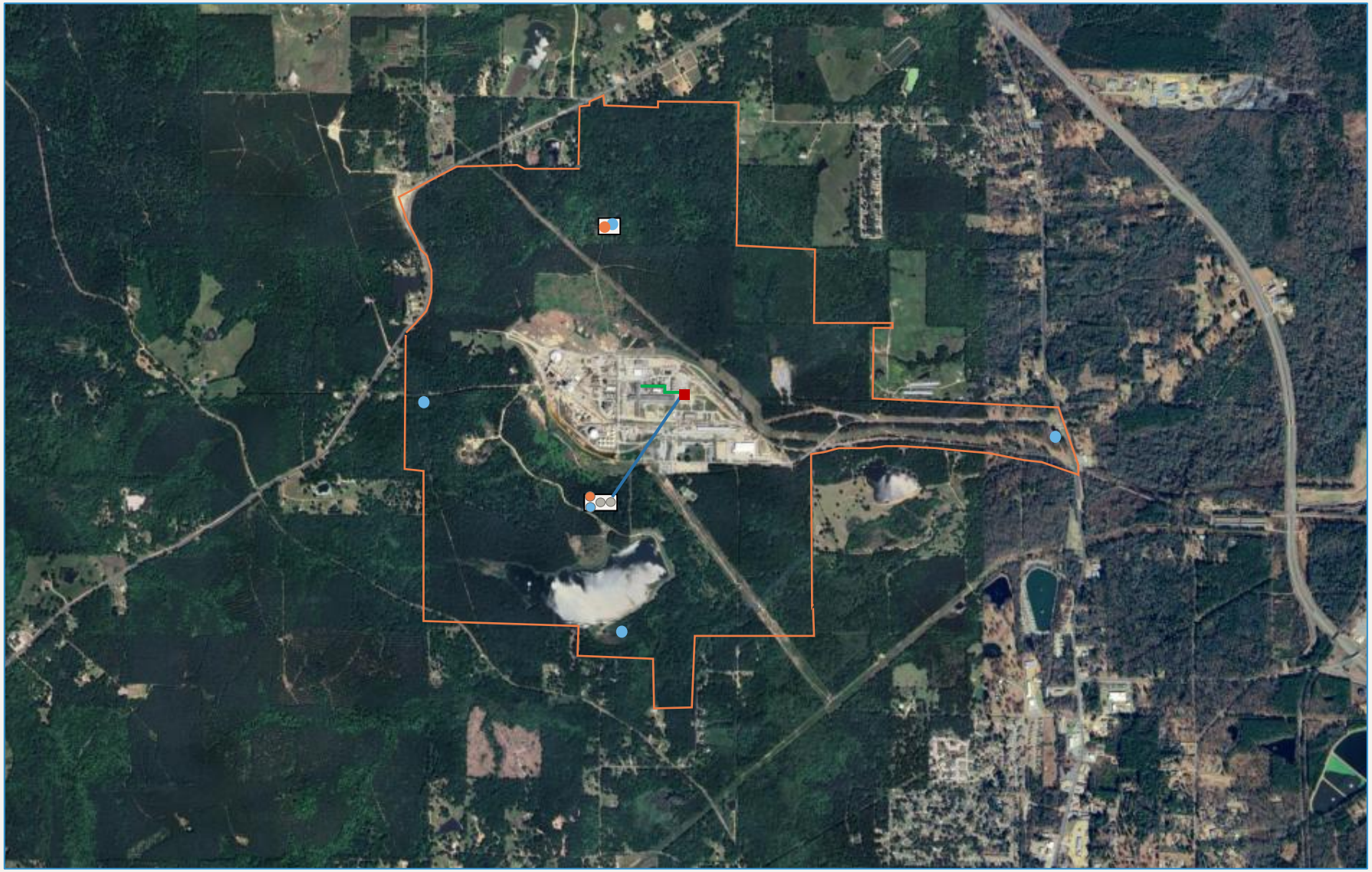
2024
Planning, design, and relationship building

2025
Construction begins, continued community outreach

2026
First injection target, subject to permit

2026+
Injection, 24/7 comprehensive monitoring

PROJECT BLUE FOOTPRINT



LEGEND

- Injection well
- Water sampling well
- Monitoring well
- LSB Industries property
- Flowline
- CO_2 supply line
- Pad outline
- Compression station

WHAT IS BLUE AMMONIA?

WHAT IS AMMONIA USED FOR?

Ammonia is typically used in agriculture as a fertilizer. It's also a critical component of cleaning products, refrigeration systems, and other chemicals.

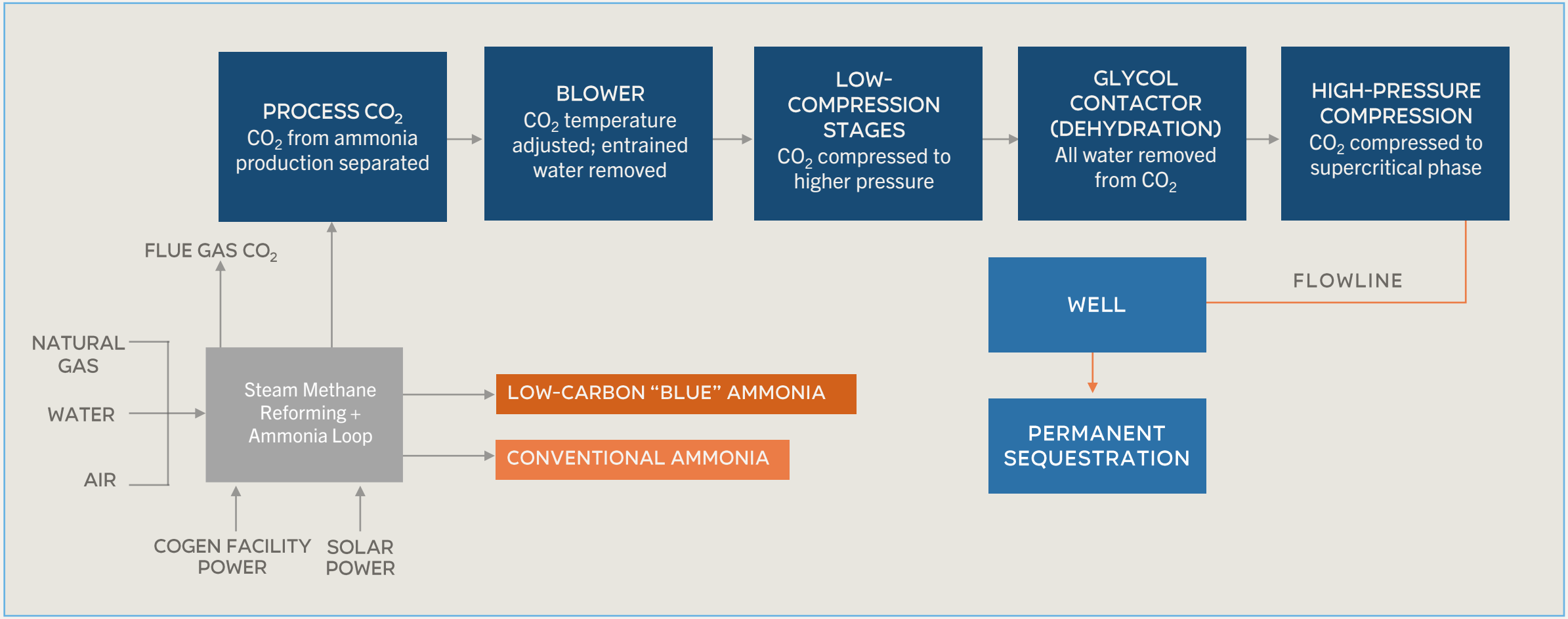
Ammonia also has the potential to be used as a clean fuel. This is a new and promising technology being explored by researchers all over the world.

HOW DOES THE BLUE AMMONIA PRODUCTION PROCESS DIFFER FROM THE TYPICAL PRODUCTION PROCESS?

The conventional ammonia production process emits a significant amount of CO_2, primarily produced during steam-methane reforming, where high temperature steam creates hydrogen from natural gas. This CO_2 is released into the atmosphere.

To produce Blue Ammonia, instead of emitting CO_2 into the atmosphere, CO_2 is captured and permanently stored underground using CCS technology.

THE BLUE AMMONIA + CCS PROCESS



ABOUT CCS

WHAT IS CCS?

Carbon Capture and Storage (CCS) is the process of separating then permanently and safely storing CO_2.

1

CAPTURE

Separate CO_2 from other gases produced at large industrial facilities.

2

TRANSPORT

Compress and transport CO_2 to a suitable site for geological storage.

3

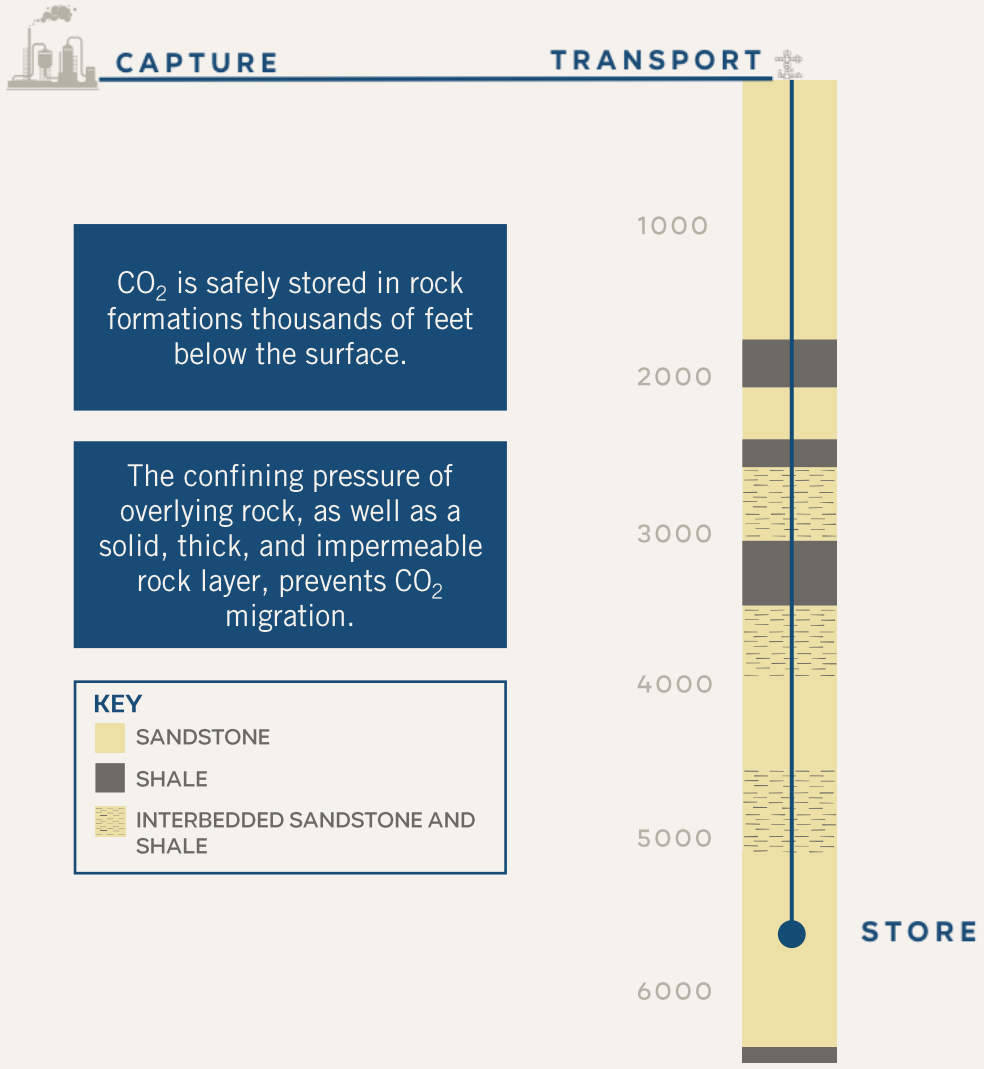
OPERATE

Inject and rigorously monitor injection, CO_2 movement, seismic activity, and water quality in accordance with EPA and industry standards.

4

SAFE, PERMANENT STORAGE

CO_2 is stored deep underground in sandstone rock formations thousands of feet below the surface. The site is monitored 24/7 throughout operations and for more than a decade post-operations per EPA standards.



CCS: A TESTED TECHNOLOGY

CAPTURE

- Capture technology **BEGAN IN THE 1930S**.
- At least **160 MILLION METRIC TONS** of CO_2 are captured every year for use in industries such as food, beverage, and fertilizers.
- CCS is **HEAVILY REGULATED** by the EPA.

TRANSPORT

- There are **5,000+ MILES** of CO_2 pipelines in the U.S.
- In the last 50 years, pipelines have transported **OVER 500 MILLION** metric tons of CO_2.
- During the **ENTIRE PERIOD** of CO_2 pipeline operation there have been **NO RELATED FATALITIES**.

STORE

- In the U.S., over **850 MILLION METRIC TONS** of CO_2 have been safely injected since the 1970s for a process known as enhanced oil recovery.
- **OVER 20 MILLION** metric tons of CO_2 have been injected into dedicated geological storage sites for climate purposes since 1996.
- CCS operators must employ **ROBUST, CONTINUOUS MONITORING** programs.

SOURCE: CLEAN AIR TASK FORCE

SOURCE: CARBON ACTION ALLIANCE

PROTECTIVE TOP SEALS AND INJECTION ZONES

SHALES: SEAL

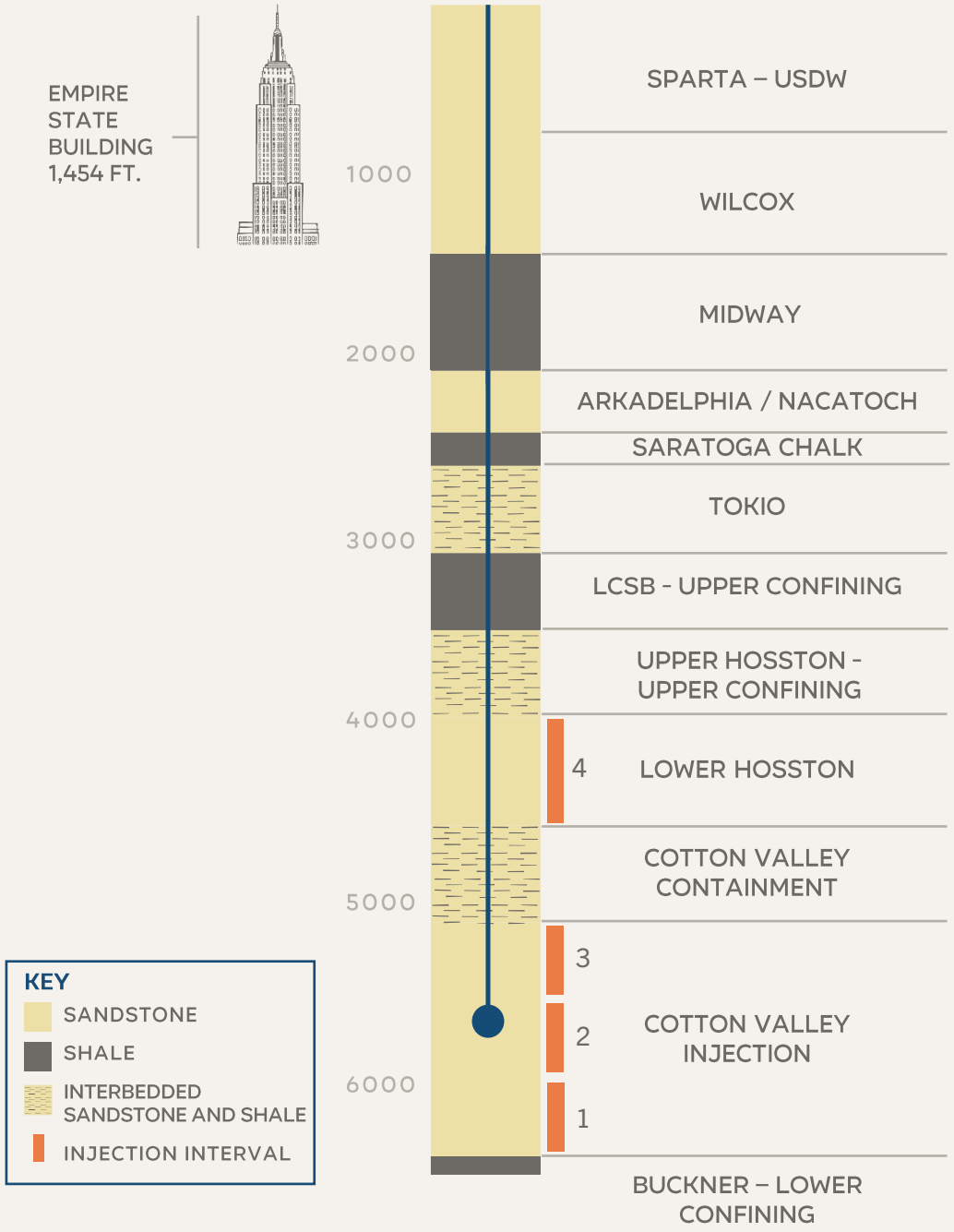
Shales protect Underground Sources of Drinking Water (USDW) from CO_2 migration. These rocks are impermeable—CO_2 cannot move through them. For Blue, multiple layers of thick (hundreds of feet thick) shale act as seals that prevent CO_2 movement.

SANDSTONES: INJECTION ZONE

Sandstone is a highly porous rock—imagine a sponge—with tiny gaps between sand grains filled with saline (non-potable water, i.e., not safe for drinking). During injection, CO_2 displaces this salty water and enters the sandstone.

CO2 STORAGE ZONE

For Project Blue, we're targeting injection intervals that are 3,500-6,500 feet below the surface. CO_2 is stored at a depth that's similar to stacking more than two Empire State Buildings below the ground.



WHAT IS A CLASS VI PERMIT?

Class VI is the type of permit needed to inject CO_2 underground.

CLASS VI WELLS ARE SUBJECT TO A RIGOROUS PERMITTING PROCESS.

The time frame from application to injection typically takes years and a number of permits from various state and federal agencies.

Class VI wells—the type of well needed to inject CO_2 underground for safe, permanent storage—are designed to rigorous standards, more so than oil and gas wells.

THE EPA MANAGES CLASS VI PERMITS IN MOST STATES.

The EPA has a tracker where you can see all applications and their status here.

Once the Class VI permit has undergone further review, the EPA will issue a draft permit, then open the permit for public comment, before granting a permit to construct, followed by a permit to inject.

OUR CLASS VI STATUS

Recognizing the rigor of the Class VI application process and the permitting timeline, we submitted our Class VI permit application to the EPA in 2023. We are currently incorporating additional information from a dedicated data collection well and expect to enter the final stages of the technical review process in late 2025.

MONITORING

Class VI wells must have ***comprehensive, real-time monitoring*** in place ***before injection begins***. We plan to monitor through four primary mechanisms:

1 **SEISMIC MONITORING**

24/7, real-time seismic monitoring using remotely controlled seismic devices, which will monitor CO_2 movement and seismic activity underground.

2 **PRESSURE MONITORING**

Gauges on injection wells will enable us to detect pressure changes – which indicate potential leaks – within the wells in real-time.

3 **MONITORING**

We will monitor CO_2 pressure and movement both within the injection wells and through a monitoring well installed away from the injection wells but near the plume area.

4 **WATER WELLS**

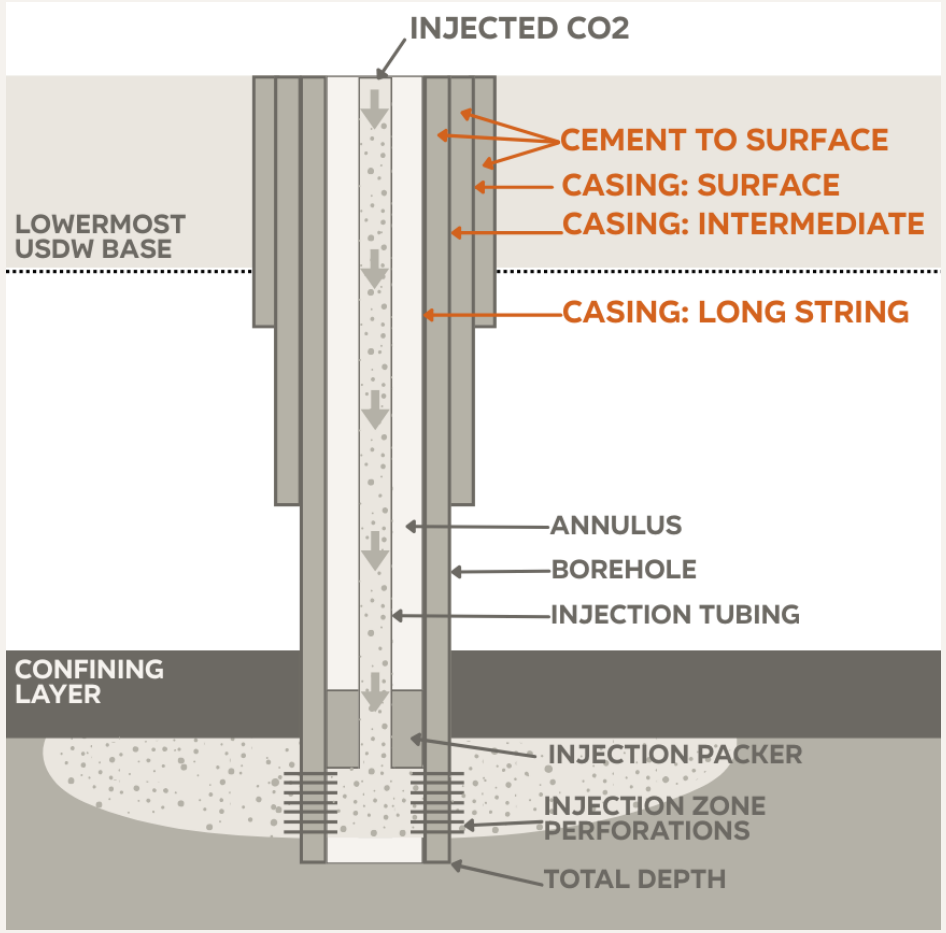
Multiple water wells will be installed to continuously monitor water quality and ensure we protect Underground Sources of Drinking Water (USDWs).

Our monitoring program will be thorough, ongoing, and iterative in response to CO_2 movement.

WELL SPECIFICATIONS: CO2 INJECTION VS. OIL AND GAS

CCS wells are designed to exceptionally high standards—more so than a typical oil and gas well.

CCS CO_2 INJECTION WELL



4-8X COST OF A REGULAR OIL AND GAS WELL

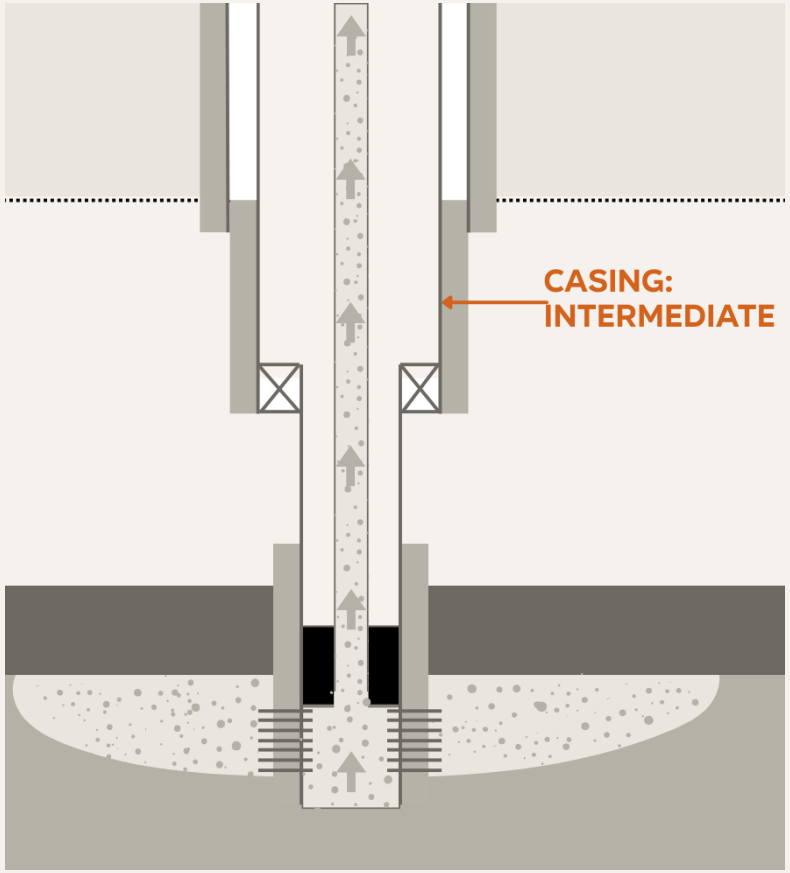
All casing strings extend to surface

All casing strings are cemented to surface

Use of corrosion resistant alloy over injection interval

Use of highly corrosive resistant cement over entirety of well bore surface vs. Portland cement and regular steel casing in an oil and gas well

TYPICAL OIL AND GAS WELL



COMMUNITY BENEFITS AND ENGAGEMENT

CCS ENHANCES ECONOMIC GROWTH.

BY IMPLEMENTING CCS, LSB WILL BECOME ONE OF THE WORLD'S FIRST BLUE AMMONIA SUPPLIERS.

TOGETHER WITH LSB, WE'RE UNLOCKING EVEN MORE VALUE FOR THE COMMUNITY.

LSB and Lapis employees on-site during drilling, April 2025.

Lapis, LSB, and other stakeholders dedicated a "pocket park" in downtown El Dorado, featuring a sculpture funded by Lapis and LSB.

Lapis and LSB team members during an El Dorado Chamber of Commerce meeting.

Lapis supported GLAMS (Girls Learning About Math and Science), an annual conference for sixth-grade girls hosted by South Arkansas College.

EL DORADO ENGAGEMENT

EDUCATOR SUPPORT

We focus on supporting local educators. Highlights include:

SOUTHARK MAKERSPACE

We donated $25,000 to SouthArk College to create a MakerSpace, a community hub for creativity, technical learning, and innovation for students and the El Dorado community more broadly.

CLASSROOM ENRICHMENT FUND

We seeded a new Classroom Enrichment Fund for Union County teachers, allowing educators to access grants to purchase resources, upgrade their classrooms, and enhance learning outcomes.

MAKING SPIRITS BRIGHT

Now in its third year, we marked the start of winter break with an annual celebration honoring Union County educators with free coffee, treats, and gifts.

CCS ENGAGEMENT

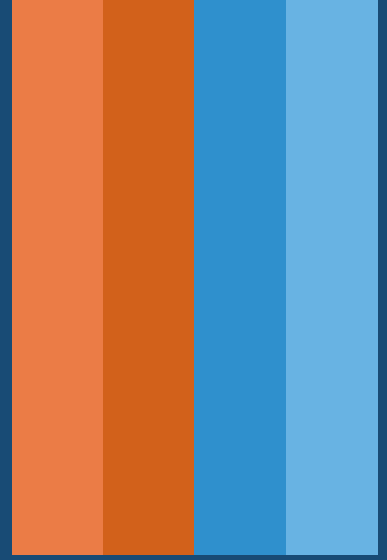
We engage with business and community leaders, providing CCS education and regular project updates. This includes the Rotary Club, the El Dorado Chamber of Commerce, Union County Water Conservation Board, Union County Quorum Court, and Union County Office of Emergency Management.

GET IN TOUCH

This deck is updated monthly and includes answers to recent community member questions. Have questions or want more information? Please reach out!

EMAIL: PROJECTBLUE@LAPISCARBONSOLUTIONS.COM

OR VISIT THE PROJECT BLUE FACEBOOK PAGE.



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CARBON SOLUTIONS