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# ***Environmental Risk Communications, Inc. Post-Transaction Integration & Purchase Price Allocation***

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**Contact:**

***John Rosengard  
(510) 548-5570***

***Jim Holland  
(917) 912-4225***

***[www.erci.com](http://www.erci.com)***

# Process Overview



## Post-Transaction Integration & Purchase Price Allocation

### Establish context

- Discussions with key stakeholders
- Set risk criteria

### 1. Identify Issues

- Key personnel interviews
- Categorize issues by criteria
- Validate issues

### 2. Analyze Risks

- Define severity of consequences and probability of occurrence
- Issue confirmation and interim reporting
- Conduct physical site inspections and field verification of selected sites

### 3. Evaluate Risks

- Rank risk
- Develop Watch List
- Report risk findings
- Conduct risk reduction assessment

### 4. Mitigate Risks

- Final reporting and analysis
- Recommend improvements to capital stewardship

# Who We're Interviewing

- Environmental Directors and Managers
- Subject Matter Experts
- Lead External Consultants
- Property Specialists
- Business Unit Leaders
- Legal Team
- Corporate Communications
- Environment and Energy Policy Team

# What We Ask

1. What issues do you see?
2. How do these issues score on the six criteria?
3. What ranges of cost, frequency and severity do you expect?
4. What is your evidence?

# Questionnaire (20 pages)

This is the first page of the questionnaire. It contains introductory text and a list of numbered questions. The text is small and dense.

1

This is the second page of the questionnaire, continuing the list of questions from page 1.

2

This is the third page of the questionnaire, continuing the list of questions.

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18

This is the nineteenth page of the questionnaire, continuing the list of questions.

19

This is the twentieth and final page of the questionnaire, continuing the list of questions.

20

# Questionnaire Detail

## CERCLA

12. Has the company received a request for information under CERCLA § 104(e) from the EPA, or an equivalent request from a state agency? If so, provide all relevant documents.
13. Has the company been identified as a potentially responsible party by the EPA, a state agency, or a third party? If so, please provide all relevant documents.
14. Have wastes generated at any facilities been disposed of at a location: (1) that has been designated on the NPL or CERCLIS; (2) that is the subject of inquiry or enforcement by a federal, state, or local agency; or (3) that is the subject of public concern or scrutiny? If so, provide all applicable details.
15. Identify all reportable releases of hazardous substances from a facility in which the NRC was or should have been notified. Provide details regarding the release and notification.

## RCRA Related Matters

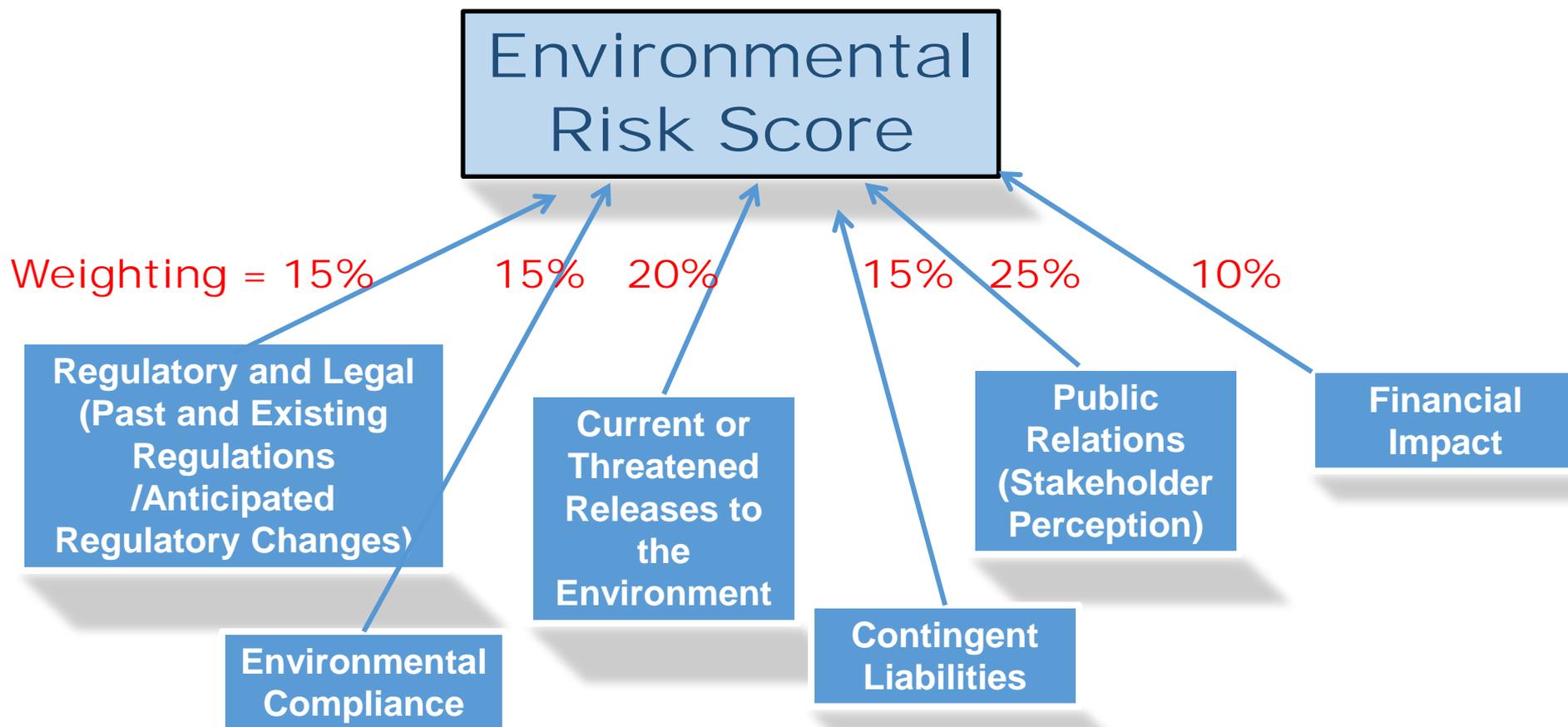
16. For those facilities with a hazardous waste generator I.D. number, identify the number and the facility's generator status. Generators of hazardous wastes must secure an EPA I.D. number. How is the generation of hazardous material tracked? How is material characterized? Where are materials stored? How long does it take between generation to identify, label and move the material to a storage location?
17. For those facilities that are large and small quantity generators, identify the types and quantities of hazardous waste generated at each facility.

# Framework (“Five of Six Criteria\*”)



Regulatory and Legal	Environmental Compliance	Current or Threatened Release to the Environment	Contingent Liabilities	Public Relations
1- Simpler regulatory domain, resulting in lower frequency rate and type of enforcement actions; resolution of jurisdictional overlap	1- Not reportable - impact covered by procedure, BMP, routine work practices.	1- There are no current or threatened releases, based on current monitoring data and well-maintained data collection systems. All data is current, QC'd and stored. Historical data extends over ten years.	1- Reserves spent down efficiently; ARO balances pass audit and are highly reliable; no counterparty defaults affecting Corp liabilities.	1 - Little/no concern to stakeholders.
2 - Stable legislative/regulatory domain	2- Supervisor - impact reportable to line supervisor/management.	2 – Evidence of minor historical releases. Most data is current and reliable; no recent data is negative or ambiguous.	2- Reserves spent down often; ARO balances pass audit but don't reflect fair value measurement; rare low-cost counterparty defaults affecting Corp liabilities.	2 - Secondary concern to few/one stakeholder.
3 - Stable legislative/regulatory domain; increased enforcement and third-party litigation.	3- Impact reportable to state, federal, or local authority. Regulatory action (e.g., NOV) is not likely.	3 – Known multiple historical releases. Root cause is known to industry and is not unusual. Current data is collected; past data quality is suspect. Data does not indicate ongoing releases.	3- Reserves increasing > 25%/year for this issue down; ARO balances periodically fail audit and clearly don't reflect fair value measurement; rare high-cost counterparty defaults affecting Corp liabilities.	3 - Secondary concern to all/most stakeholders.
4 - Evolving regulatory domain: increasing number, depth, type of laws/regulations; increased enforcement and third party litigation.	4- Impact reportable. Regulatory action (e.g., NOV) is likely with potential for monetary penalty	4 – Suspected significant releases. Current and recent data is collected and analyzed. Data is generally negative.	4 – New reserves needed to prevent audit failure; ARO balances fail audit and/or are materially restated; numerous high-cost counterparty defaults affecting Corp liabilities.	4 - Primary concern to few/one stakeholder.
5 - Dynamic regulatory change underway; aggressive enforcement including personal charges against officers of the corporation.	5- Impact reportable and involves criminal activity. Regulatory action (e.g., NOV) is likely and there is potential for monetary penalty.	5 – Known current releases. Some historical data was collected and was archived. Data is generally negative.	5 – Reserves materially incorrect, resulting in a charge; ARO balances materially fail in a fair value test (acquisition or divestiture); no information on Corp's counterparties or the qualities of their guarantees to Corp and/or regulators.	5 - Primary concern to all/most stakeholders.

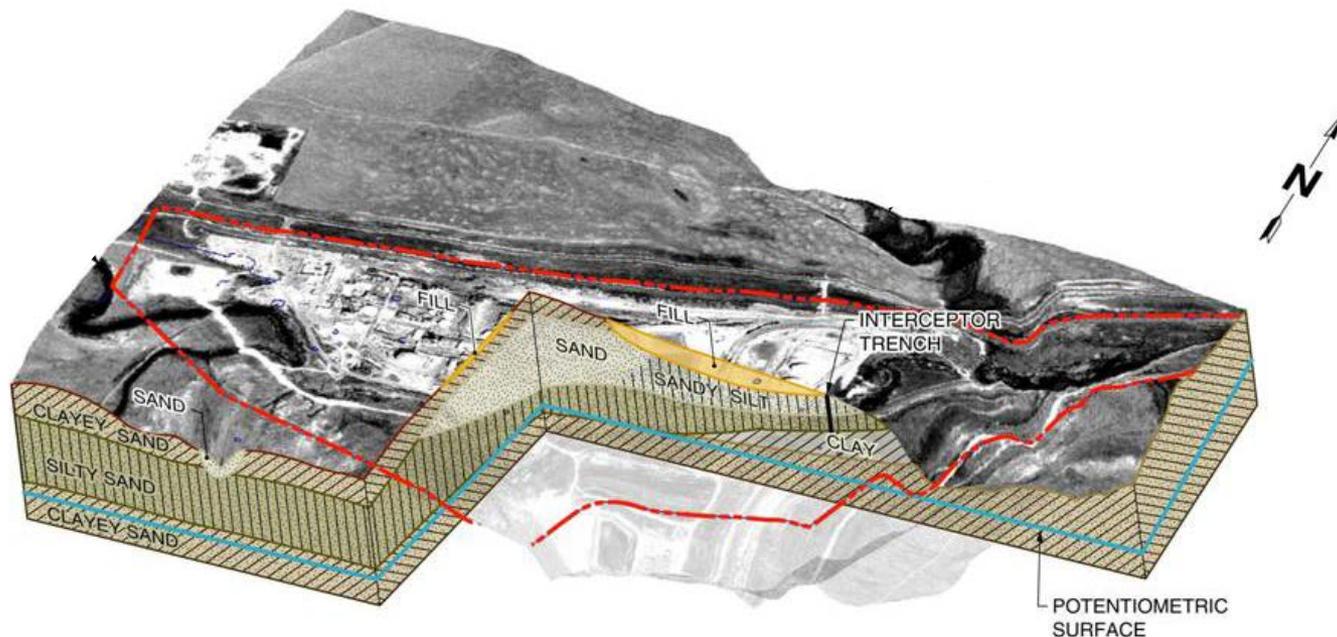
# Risk Scoring – “Six Criteria”



# Site/Issue Summary (1 of 2)

Description				Risk	Actualization	
Source	Qualitative	Volume / Magnitude	Threat	Potential Drivers	Likelihood	Impact
NAPL	Plumes affect majority of south property; mostly contained on site; some has been pumped; intra-plume mobility exists in some areas	~ 3 million gallons already pumped; ~ 1 – 8 million gallons left; probable that large percentage is <= residual saturation and not easily removed with conventional technologies	NAPL intrusion into South Brunswick	3rd-party lawsuit	Low	Medium, potential property purchases and/or more aggressive GW treatment
				Regulatory driven work	Low	High, aggressive investigation and treatment of GW or maximize CAMU to remove smear zones
			Ultimate regulatory clean-up is “non-degradation”	Long-term O&M	Med	High, escalation of remedial cost
SWMUs & soils	Multiple on property; in process of removing and putting in CAMU	Currently 380,000 yds <sup>3</sup> excavated and 2 million yds <sup>3</sup> planned for excavation; could range as high as 3,300,000 yds <sup>3</sup>	Additional cleanup required of North & South properties	Regulatory driven work	Med	High, escalation of remedial cost
			Dermal contact to workers and trespassers; vapors	Worker / trespasser exposure	Low	Low, full security controls trespass, all dust actively controlled during construction
Sediments	River and North property ponds	Estimated volume of 200,000 yds <sup>3</sup> ; USFWS found no environmental damage at ponds	Environmental damage	NRDA claim	Low	Medium, dredging may be required
				Regulatory	Med	Medium, reverse dredging or dredging may be required
			Trespass (river only)	3rd-party	Very	Medium, damages and

# Site/Issue Summary (2 of 2)



## Human Risk: Low

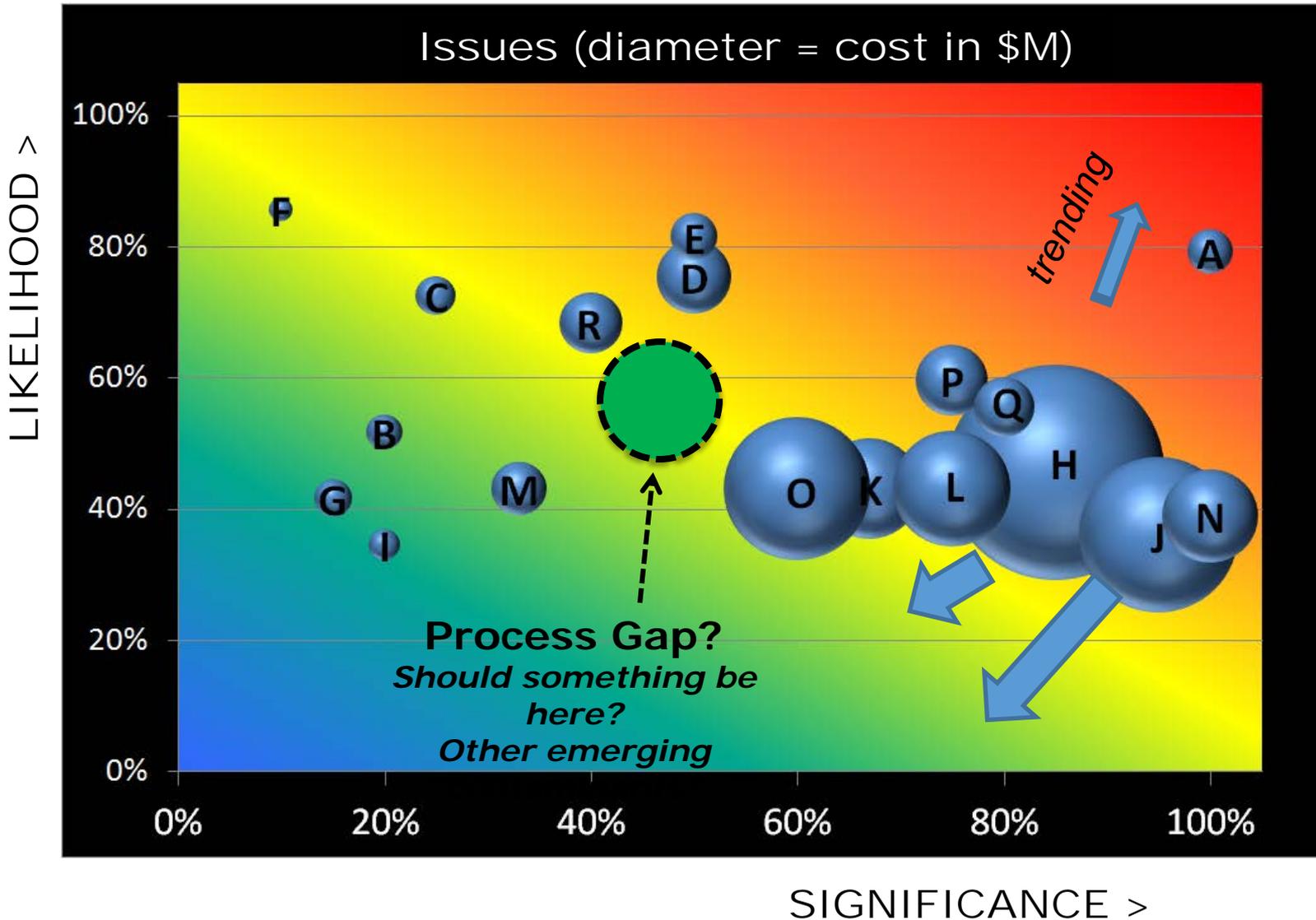
## Ecological Risk: Low

- Nothing off-site
- River sediment: Suspect low probability of NRDA claim
  - USFWS (NRDA trustee) studied 7 site: Minimal contamination found, some control area results higher than industrial / municipal reach of river; no T&E species on South Property
  - Prelim. risk assessment indicates no eco risk drivers on South Property
- Ponds: Suspect low probability of NRDA claim
  - USFWS collected plant / sediment / tissue samples: No definitive

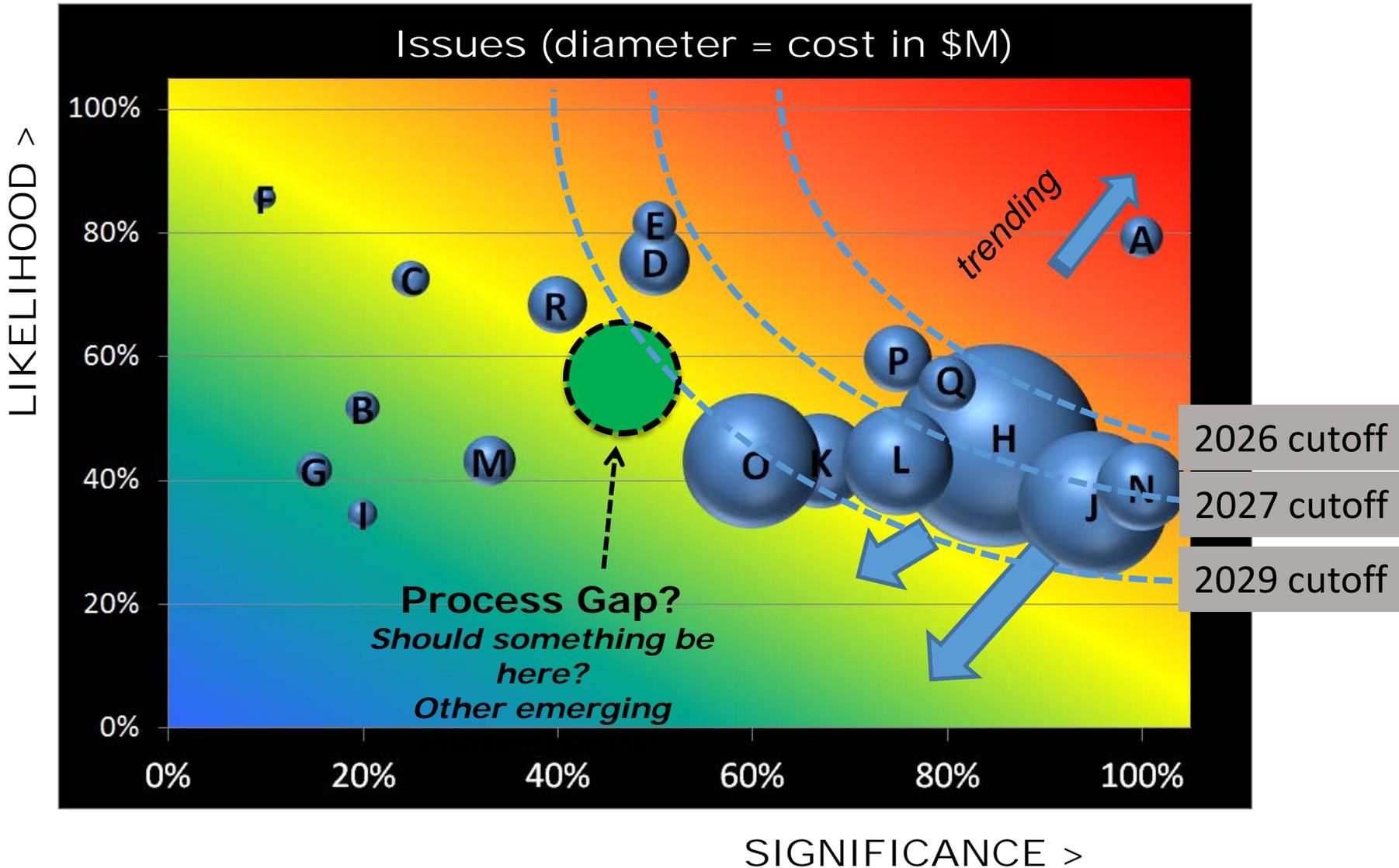
## 3rdparty Liability Risk: Low

- ACME Ranch immediately offsite in direction of groundwater flow, but trench intercepts bulk and stream acts as natural barrier
- Aquifer unproductive for residential use
- No current or pending class action or corrective action-related litigation or property claims
- No environmental justice issues
- Possible legal issues with leased property and/or SE NAPL plume

# Heat Map



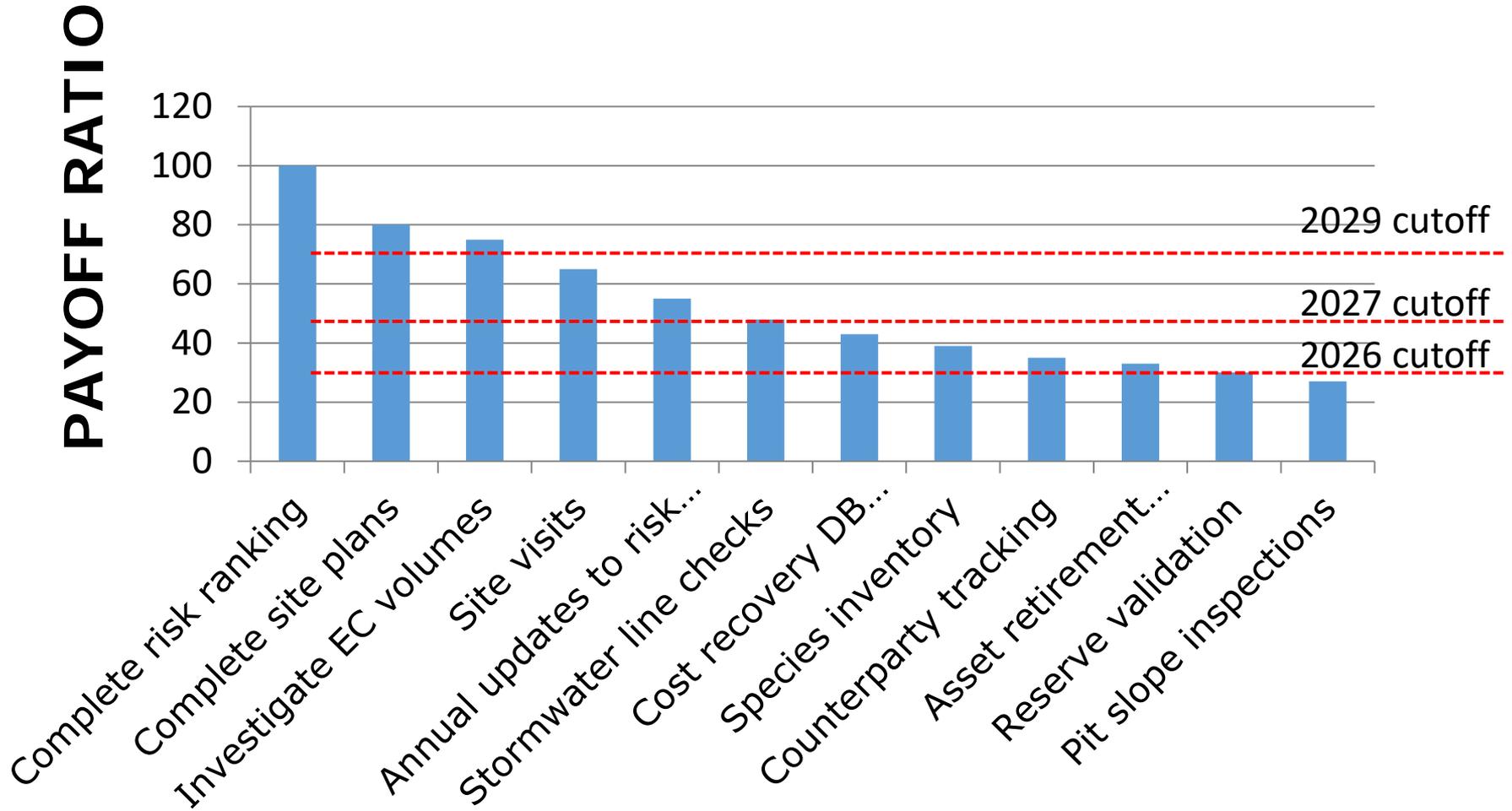
# Heat Map – Where to focus?



# Pareto Chart on Budget Priorities



(2026 conceptual version)



**PROJECTS - OR- INITIATIVES**