

KC HARVEY
ENVIRONMENTAL, LLC

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**ENVIRONMENTAL DUE DILIGENCE
ADVISORY SERVICES**

STATEMENT OF QUALIFICATIONS

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KC HARVEY ENVIRONMENTAL, LLC



OVERVIEW OF KC HARVEY ENVIRONMENTAL DUE DILIGENCE SERVICES

KC Harvey Environmental, LLC (KC Harvey) is a nimble, client-driven environmental management, remediation and transaction advisory firm headquartered in Bozeman, Montana. KC Harvey offers tailored and phased environmental due diligence support services to the oil and gas, energy generation (fossil fuel and alternative energy) and mining industries.

We deliver accurate and practical information and advice regarding environmental, safety and social issues that may have a material impact on decisions and transactions related to mergers and acquisitions, financing and investment, initial public offerings (IPOs), divestitures and emerging technologies. Our sector-leading due diligence team will support your negotiations regarding warranties, indemnities, insurance solutions, and ultimately, the paid price by documenting environmental conditions, liabilities and regulatory compliance prior to closure of the transaction. In addition to the identification of existing liabilities, our team can identify post-transaction operational risks and issues that may have a material impact on future environmental and/or social licensing and value of the acquisition.

We work directly for the purchasing entity and their attorneys, accounting firms, private equity firms, insurance companies, banks, and merger and acquisition consulting firms. We can support either the buyer or the seller in transactions involving land and operational assets of large natural resource extraction and energy production projects.

WHY KC HARVEY?

- Our competitive advantage is our on the ground experience with oil and gas, energy generation and mining industries, as well as the extensive talent of our due diligence team. Since our environmental permitting, management and remediation business is and always has been focused on these three industry sectors, we know exactly what to look for in these environments.
- KC Harvey goes beyond the “Phase 1” environmental review model used in typical real estate deals. We offer a tailored and phased due diligence approach that takes into account the current and future risks and issues associated with large scale industry assets.
- We are familiar with the businesses of, and can work effectively with, those parties involved with mergers and acquisitions, divestitures, IPO’s, and equity based transactions, including law firms, private equity firms, accounting firms, banks, insurance companies, M&A consulting firms, and oil and gas, energy and mining companies.
- We can be where you need us to be. KC Harvey has provided due diligence services throughout North America and worldwide.
- We deliver practical and strategic advice. We have decades of experience in the oil and gas, energy generation and mining industries and can offer environmental permitting, management and remediation advice and services in addition to transaction advice to mitigate risk and remediate acquired liabilities. We are creative, innovative and cost effective.
- Finally, our top priority is delivering high quality work in a relentless client-driven approach.

SPECIFIC TRANSACTIONAL DUE DILIGENCE SERVICES OFFERED BY KC HARVEY

- Rapid, high level environmental, safety and social screening of potential acquisition targets to identify risks and issues that would need to be considered when making initial investment decisions (completed in days).
- Tailored and comprehensive environmental, safety, and social due diligence assessments to identify and document environmental conditions, liabilities and regulatory compliance and to identify post-transaction operational risks and issues that may impact future value of the acquisition.
- Transaction Screening and Phase 1 and 2 Environmental Site Assessments in accordance with ASTM International standard practices.
- Tailored seller-side assessments to identify and estimate environmental liabilities and operational issues in order to reduce uncertainty and to prevent erosion of deal value.

BENEFITS OF OUR DUE DILIGENCE SERVICES

- Identification and exclusion of unacceptable environmental liabilities from the transaction.
- Documentation of environmental conditions for risk management and indemnification.
- Identification of post-transaction operational risks that may impact future permitting, compliance, site closure and the value of the acquired asset/project.
- Lower prices paid for assets by identifying liabilities and negative cost factors associated with liabilities, higher compliance, remediation and future permitting costs.
- Holdbacks to cover identified environmental liabilities and issues.
- Holdbacks, deferred payments, insurance coverage or indemnities to cover unknown contingencies.
- Favorable tax benefits by structuring transactions for environmental liabilities or ecological conservation.
- Selective ownership of particular assets/properties with environmental liabilities.



OUR QUALIFICATIONS AND EXPERIENCE

KC Harvey has been in the business of providing professional consulting and field services to the oil and gas, energy generation and mining industries for 22 years. The five partners comprising the leadership team each have over 30 years of professional environmental management experience. Our professional engineering and science staff of about 40 people are all seasoned veterans with respect to oil and gas, energy generation and mining projects.

Examples of our due diligence project work are summarized below. We are well aware of current needs and issues, as most of this work has been done within the last five years.



Pre-transaction Environmental Due Diligence of Questar Natural Gas Production Assets, Wyoming, Utah and Colorado, for Dominion Resources Inc.

KC Harvey was retained by Dominion Resources, Inc. (the “Buyer”) to conduct an expedited environmental due diligence review of the multi-billion dollar oil and gas exploration and production (E&P) assets of Wexpro, a subsidiary of Questar Corporation (Wexpro, the “Seller”) in the states of Wyoming, Colorado and Utah. The scope of this tailored review included (1) the evaluation of local, state and federal environmental regulatory compliance records and related matters associated with the E&P assets and operations and how any compliance issues may impact future operations, permitting and expansion; (2) review and analysis of existing environmental data and information related to the E&P assets and operations provided by the Seller through a “Digital Data Room” with respect to environmental management and future operations and expansion; and (3) review of data and reports prepared by the Seller regarding existing environmental conditions and liabilities with respect to the adequacy of the cost estimates for managing or remediating identified environmental liabilities. The scope of the review included air, land surface and subsurface, water resources, wildlife resources, soil and vegetation resources, waste materials and waste management facilities, and well locations and access roads. KC Harvey completed this time critical review in a total of ten days.

Pre-transaction Environmental Due Diligence of Oil Wells and Associated Assets, North Dakota Bakken Region, for a Confidential Oil and Gas Client.

KC Harvey completed an expedited and comprehensive environmental permitting, compliance and site condition review of oil production assets in the western North Dakota Bakken region for a confidential E&P client headquartered in Denver, Colorado. This due diligence review included site inspections on over 100 well locations. Our work resulted in the carve out of unacceptable environmental risks and liabilities for the buyer.

Phase I Environmental Site Assessment for Natural Gas Field, Sublette County, Wyoming, for a Confidential Oil and Gas Client.

KC Harvey completed a Phase I environmental site assessment for a gas field that included twenty separate well locations, including site inspections of each location to identify and document recognizable environmental conditions. The environmental review included a compliance evaluation of air emissions and Wyoming stormwater discharge permits. Material findings included the occurrence of unpermitted air emissions sources, past groundwater impacts, hydrocarbon impacted soils, and outstanding reclamation obligations.

Pre-acquisition Environmental Due Diligence, Bearpaw Natural Gas Production Area, Northern Montana, for Stinson Morrison Hecker on behalf of NorthWestern Energy (NWE) Company.

NWE and Stinson Morrison Hecker (SMH) retained KC Harvey to perform environmental due diligence of selected natural gas facilities within the Bearpaw Natural Gas Production area. This area extends over four counties and is approximately 800 square miles. KC Harvey identified potential environmental conditions associated with over 1500 natural gas production wells, 25 midstream facilities, and 20 produced water storage impoundments owned and operated by Devon Energy, NFR Bear Paw Basin, and several other smaller oil and gas companies. In addition to detailed field inspections, due diligence activities included a review of air quality operating permits, waste management program, SPCC program, stormwater management program, and agency notices of violation. Three comprehensive reports were prepared for the client prior to NWE’s final acquisition of the assets. This was the largest single acquisition of oil and gas assets in the history of Montana.

Pre-acquisition Environmental Due Diligence of Oil and Gas Production Assets, Monroe County Ohio, for Antero Resources Corp.

Antero retained KC Harvey to perform environmental due diligence of numerous oil and gas production and related facilities in Monroe County, Ohio. This transaction included two multiple horizontal well pads with impoundments and eight miles of pipeline right-of-way (ROW) area including a natural gas transfer meter station that connects to a major natural gas distribution pipeline.

Pre-acquisition Environmental Due Diligence of Oil Production Assets, Utah and Wyoming, for Fidelity Exploration and Production Company.

Fidelity retained KC Harvey to perform environmental due diligence of four oil production locations in eastern Utah and 30 natural gas well pad locations in southeastern Wyoming. This effort involved performing a comprehensive due diligence records and field review. Records review included assessment of regulatory compliance of air quality, SPCC and stormwater management programs, and permit status. KC Harvey field scientists inspected field conditions (e.g., presence of spills; equipment condition; proximity to water resources and sensitive areas; and tank and secondary containment status). Agency personnel were contacted to determine if the seller had addressed notices of violation.

Post-acquisition Environmental Due Diligence of Natural Gas Production Assets, West Virginia, for Antero Resources Corp.

Antero retained KC Harvey to perform environmental due diligence and field inspections of over 300 oil and gas facilities in a four county area in western West Virginia. This assessment included performing records review, environmental compliance, and field inspections of all legacy vertical wells and affiliated midstream facilities. In addition, KC Harvey performed more than 25 produced water and waste pits/impoundment assessments to determine environmental liability and closure requirements. KC Harvey categorized potential environmental conditions in numerous client reports and continues to conduct annual inspections of the same facilities to ensure that Antero’s and West Virginia Department of Environmental Protection’s compliance expectations are met.

Environmental Due Diligence – Phase II Confirmation – Ryckman Creek, Natural Gas Storage Facility, Southwestern Wyoming, for Peregrine Midstream Partners.

Peregrine Midstream retained KC Harvey to conduct a confirmation soil impact assessment at the above referenced location to evaluate the extent of tetrachloroethylene (PCE) soil impacts exhibited during due diligence - related Phase II sampling events. KC Harvey performed soil assessment activities under the jurisdiction of Wyoming Department of Environmental Quality (WDEQ) to verify the level of soil impacts prior to multi-million dollar construction activities.



OUR QUALIFICATIONS AND EXPERIENCE

Environmental Due Diligence of Natural Gas Production Assets, Waverly, West Virginia, for Antero Resources Corp.

Antero requested the services of KC Harvey to perform environmental due diligence activities related to acquisition of a 137 acre commercial property located near Waverly, West Virginia along the Ohio River. Portions of the property were formerly used for the production of carbon black and plastic fabrication. This assessment involved performing field visits, interviewing owner representatives, performing a title search, and preparing a comprehensive report describing the current site conditions and setting.

Environmental Transaction Screening of a Natural Gas Production Field, Powder River Basin, Wyoming, for a Confidential Oil and Gas Client.

KC Harvey completed an environmental Transaction Screening in accordance with ASTM E-1528 for 414 gas wells in the Powder River Basin in Eastern Wyoming. Environmental conditions were reviewed within a surface area of 57,000 acres. The environmental review included a well inventory, produced water surface impoundments, and bulk storage tanks. Material findings included the occurrence of abandoned wells requiring final reclamation, identification of impacted soil from release of produced water, and outstanding reclamation obligations including reserve pit closure.

Environmental Transaction Screening of Natural Gas Wells, Van Buren County, Arkansas, for a Confidential Oil and Gas Client.

KC Harvey completed Transaction Screening in accordance with ASTM E-1528-06 for 16 natural gas wells, related gathering system and one compressor station within 25,000 acre lease area. Numerous permits required for the facilities were also reviewed. The findings of the review included the identification of: (1) hydrocarbon impacts to soils from drilling and production activities, (2) numerous reserve pits that needed to be closed in accordance with the Arkansas Department of Environmental Quality requirements, and (3) numerous locations that would require interim reclamation and additional permitting for stormwater discharge during reclamation.

Phase I Environmental Site Assessments for Various Oil Properties, Bakken Production Area, Western North Dakota and Eastern Montana, for a Confidential Oil and Gas Client.

KC Harvey completed Phase I ESAs and Transaction Screenings in accordance with ASTM E-1527-00 and ASTM E-1528-00. The subject properties included an office and shop, a storage yard, two gravel pits and a review of outstanding liabilities related to impacts resulting from a pipeline strike during construction. The assessment identified one Recognized Environmental Condition (REC) consisting of impacts to soil and groundwater in the location of the pipeline strike. In addition, potential RECs included noxious weed infestation in the two gravel pit locations and outstanding reclamation obligations.

Pre-Acquisition Environmental Due Diligence, Former Glasgow Air Force Base, Glasgow, Montana, for the Boeing Company.

KC Harvey personnel planned and implemented a comprehensive assessment involving records review, site reconnaissance, and sampling and analysis of soils, ground water, surface water, and waste associated with numerous landfills, underground storage tanks, sewage lagoons, waste pits, transformers and ponds. A comprehensive report which cataloged specific risks and issues was prepared and presented to the client prior to closure of the transaction.

Environmental Due Diligence for Insurance Underwriting of Numerous Mining Operations in Arizona and New Mexico, for Marsh & McLennan.

KC Harvey personnel were selected to serve on a team of mining environmental management experts retained to evaluate the environmental risks associated with the underwriting of a comprehensive insurance policy for a major multinational mining company. KC Harvey personnel provided technical leadership and were responsible for the review of mining related environmental risks associated with acid mine drainage, metalliferous waste rock and tailings, land reclamation, and surface water quality.

Environmental Permitting Review in the State of Montana, for a Confidential Multinational Mining Client.

KC Harvey prepared a comprehensive overview and due diligence of environmental permitting requirements and key issues related to hard rock mine operations in Montana for a multinational mining company. This review preceded a decision by the client to invest in mining properties in Montana. The process involved: research of current law, regulation, policy, and agency guidance; interviews with key industry, legal, policy analysts, technical experts, and regulatory agency personnel; and analysis and synthesis of information into a document to be used as a decision-making tool by the board of directors and senior corporate personnel.

Pre-acquisition Environmental Due Diligence of the East Boulder Mine, Big Timber, Montana, for a Confidential Multinational Mining Client.

KC Harvey completed a comprehensive assessment of potential environmental liabilities and issues associated with a major underground platinum-palladium mine in south-central Montana. KC Harvey evaluated data room information and regulatory agency files, completed a site reconnaissance, and provided timely findings and advice to potential buyers on issues related to mine drainage, water management, reclamation, future permitting issues, wildlife management issues, etc.

Pre-acquisition Environmental Due Diligence of Kanta Products Facility, Three Forks, Montana, for Mutual Materials.

Mutual Materials retained KC Harvey to conduct an environmental due diligence assessment of a planned acquisition of the Kanta Products facility in Three Forks, Montana. KC Harvey scientists performed an environmental assessment of the entire facility reviewing historic and current environmental conditions. Two specific areas were identified for a focused groundwater investigation based on historic practices. The focused groundwater data collection event allowed determination of the presence of volatile organic compounds and pesticides. KC Harvey prepared a final environmental due diligence report that described past and present environmental conditions and the results of the groundwater investigation.

Consulting Safety Soil Applied
Expert Professional Management Strategic
Efficiency Innovation Vegetation
Water Experience Restoration CAD
Natural Resources Trusted Field Services
Oil and Gas Reclamation Integrity
Sustainability Environment Energy Mining
Science Remediation Biology Physics
No Surprises Chemistry Data GIS
GPS Talent Analytical Wildlife Fish
Engineering Technology Conservation

CONTACT US

To learn more about KC Harvey's transactional environmental due diligence advisory services for the oil and gas, energy generation or mining industries, please contact:

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