There were a number of questions raised by the audience at the Belmont Heights Community Association (BHCA) meeting on April 12, 2017. They are grouped by subject matter and consolidated, as appropriate. Questions and answers are provided below.

Additionally, you are encouraged to visit the Project website for more complete information. Also available through the website are a variety of white papers which explain in greater detail some of the more technical aspects of the Project. Specifically, white papers are available for the following topics:

- Adequacy of the Endowment for the Long Term Management of the Mitigation Bank
- Oil Drilling and Production Overview
- Induced Seismicity
- Water Injection
- Well Stimulation Techniques

<u>Questions pertaining to the mitigation bank and/or are restoration related:</u>

1. *Is the mitigation bank happening? Explain restoration, public access and the review process. Does restoration include returning to native vegetation communities? Please provide info on the native plant components of the restoration.*

Answer: On the approximately 150-acre Synergy site, the northern 76.52 acres will be restored via a mitigation bank. The restoration plan for the "Upper Los Cerritos Wetlands Mitigation Bank" has been submitted to the Interagency Review Team (IRT). The IRT is comprised of representatives from federal and state agencies, including the California Coastal Commission, U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, National Marine Fisheries Service, California Department of Fish and Wildlife, and the Environmental Protection Agency. They are responsible for reviewing all aspects of the mitigation bank from the restoration plan to the service area, to the crediting. Public participation and comment on the restoration plan approach is addressed through the IRT process and not through the CEQA process. The restoration plan is available for download from the U.S. Army Corps of Engineers website where you can find the details of the native plant species that will be onsite.

New public access opportunities would be provided through the relocation and renovation of the existing Bixby Ranch Office building into a visitor's center, and construction of a new perimeter access trail generally parallel to Studebaker Road.

2. *What kinds of projects would be mitigated? What is the income of the mitigation bank?*

Part of the mitigation banking process involves establishing a "service area." The service area is the geographic area in which permitted impacts can be compensated for at a given bank. Most mitigation banks are designed to compensate only for impacts to various wetland types, though some banks have been developed to compensate specifically for impacts to streams (i.e. stream mitigation banks).

The value of a bank is defined in "compensatory mitigation credits." Once the IRT has established the amount of "credits" that can be used to mitigate wetland impacts on other properties, the bank operator (Synergy Oil & Gas) can market and sell those credits on a phased release schedule.

The service area and crediting system for the Upper Los Cerritos Wetlands Mitigation Bank are currently under evaluation by the IRT and are yet to be determined.

3. *How will the restoration work in relation to existing roads and infrastructure?*

Wells, pipelines and related infrastructure associated with the existing operations are located on the southern portion of the Synergy site. As these are removed over time, the area would be revegetated with a native seed mix. As the last well is removed, a site specific restoration plan for the entire southern portion of the Synergy site will be submitted and restoration conducted.

4. *Do the wetlands connect to the San Gabriel River?*

The Project is not proposing any activities which connect to the San Gabriel River.

<u>Questions pertaining to water injection:</u>

1. *Please clarify water injection wells. Is all the water pulled out needed for injection? Is the replacement water salt water, and what is the water source? What about subsidence?*

During the oil extraction process, oil, water, and gas are brought to the surface from the production formation. Once these components reach the surface, they are separated and processed. This Project proposes to inject the produced water back in to the formation from which it came, injecting sufficient quantities of water to replace the volume of fluids extracted. This method of "voidage replacement" helps maintain underground pressures and serves to prevent subsidence. The injected water is a mixture of water derived during the oil extraction process, and also water obtained from the source wells. Source wells are wells used to pump salt water from a deep reservoir.

<u>Questions pertaining to remediation:</u>

1. *How long until complete clean-up of wells? What is the process for site clean-up? Who is doing and/or overseeing the remediation? Will there be a separate EIR for remediation?*

Phase I and Phase II environmental site assessments (ESAs)are being conducted for the subject properties, as appropriate. The results of these assessments and any remediation necessary will be

identified and discussed in the Project Environmental Impact Report (EIR). Any site cleanup and remediation would be overseen by the Department of Toxic Substances Control (DTSC), Regional Water Quality Control Board (RWQCB) and the California Division of Oil, Gas and Geothermal Resources (DOGGR) and conducted by a qualified contractor.

2. *For remediation, why soil removal and not remediate in place, or employ other soil restoration techniques?*

The Phase I and Phase II ESAs are still being completed and the remediation methods finalized. The determined methods will be disclosed in the EIR.

Questions specific to an environmental resource:

1. *Is there an archaeological component? Native American issues? The Pumpkin Patch has a former dump and is historic least tern nesting site, and is archaeologically significant. What tribal members have been contacted?*

A Cultural Resources Assessment, Historic Resources Assessment, and Paleontological Resources Assessment has been conducted for the subject parcels, all of which will be disclosed (as appropriate) as part of the Project Environmental Impact Report (EIR). Additionally, the City of Long Beach is conducting tribal consultation consistent with the requirements of CEQA, SB18 and AB52.

2. *Provide information on the Bixby building and historical designation status.*

The Bixby Ranch Office building was built in 1924-1928. It was originally located on land approximately 1/3 miles southwest of the current location, and was relocated sometime 1929-1947. Though the building has had significant work done to it, it is eligible for listing and for designation as a landmark. More detailed information will be available in the technical reports included in the EIR.

3. *What are impacts on the environmental on greenhouse gases?*

A "Greenhouse Gas Assessment for the Los Cerritos Wetlands Oil Consolidation and Restoration Project" was produced and will be part of the Project's Environmental Impact Report (EIR).

Questions pertaining to funding and/or are related to financing:

1. *You say $21 million has been raised to date, is that enough to build this Project?*

This initial investment amount is to obtain the entitlements for the Project and enable the restoration of the wetlands. The funds needed for the construction of the oil consolidation will be obtained closer to the receipt of entitlements from the City and Coastal Commission.

2. *If oil goes below $32/barrel, the project won't go forward?*

This is a business and we need certain financial indicators to enable the success of the Project. If the price of oil were too low it would not justify this additional investment in restoration and consolidation.

Los Cerritos Wetlands Oil Consolidation and Restoration Project
BHCA Meeting, April 2017
Questions and Answers

3. *How is the LCWA funded?*

The Los Cerritos Wetlands Authority (LCWA) is a Joint Powers Authority comprised of a representative from the City of Seal Beach, City of Long Beach, State Coastal Conservancy, and the Rivers and Mountains Conservancy. It is our understanding the LCWA receives funding through the typical governmental agency appropriations process, and also receives grant funding.

4. *Who pays for visitor's center and the public portions (i.e. tours, etc)?*

The mitigation banking process will determine how much BOMP will fund for an endowment in perpetuity, which will be available for the LCWA to manage and maintain the wetlands and implement their stewardship program.

5. *What is the extent of Chinese investment in your company? How much control do they wield?*

As additional investors have been brought on, the extent of Chinese investment has been diluted and they do not have decision making influence.

6. *Has Synergy aligned with another oil company recently?*

No.

<u>Questions regarding schedule and timing:</u>

1. *What is the schedule and can you speed it up (incentives for beating schedule?)?*

The full schedule can be found on the Project website (see below), but we expect restoration to be underway, and the area open to the public within 3 years from Project approval. We are working aggressively to make this Project a reality.

2. *What is the timeframe for the open house?*

Please sign-up for updates on our website to get the most up to date information.

3. *When will the land exchange happen? When will deed transfer?*

The mitigation bank and public access area will be transferred to the LCWA once the public access improvements have been constructed and are operational. The balance of the property will transfer to the LCWA when all wells are removed and the area remediated, if needed.

4. *I read that it could take 40 years to remove the old equipment, what assurances do you give that it won't take 40 years to get rid of those eyesores?*

Wells and related oil production infrastructure would be removed from the Synergy and City sites over time in a phased approach. Upon completion and occupancy of the office building on the Pumpkin Patch

site (referred to as the New Occupancy Date), if an oil well on the Synergy or City site produces less than one full barrel of oil per day for a period of 18 consecutive months, the well would be removed. Within 20 years from the New Occupancy Date, 50% of the wells would be removed. The balance of the wells would be removed and abandoned on or before the 40 year anniversary of the New Occupancy Date. In addition, upon receipt of building permits Synergy has committed to reducing its future production on the existing oil facilities by 75% from baseline levels.

Project ownership supports the creation of a mechanism, condition of approval, written agreement, or a covenant to address the removal of wells, which will occur over a 40-year period, and which will commence upon the issuance of the Consolidated Coastal Development Permit.

<u>Miscellaneous questions:</u>

1. *What type of oil?*

The type of oil is based on a density at 60°F. The oil "grade" is 26°API, and refers to American Petroleum Institute (API) Gravity.

2. *How will you clear/remove old pipes?*

Once the above-ground pipelines are emptied of residual fluids, they would be further cut into smaller sections for removal. Spill containment equipment would be placed at all the cut points and the pipes will be capped prior to removal. Plastic tarps would be laid beneath the pipelines prior to removal to collect any pieces of the pipe that may be dislodged during the removal process to prevent them from falling into the wetlands. In areas where above-ground pipe is located near or within sensitive vegetation or habitat areas, where use of a backhoe or excavator would not be feasible, the work area would be limited to contractor labor and hand tools.

A more comprehensive discussion of pipeline removal techniques will be included in the Project's Environmental Impact Report (EIR).

3. *How does oil, once extracted, get across the fault?*

A pipeline system connecting the LCWA site and the Pumpkin Patch would be constructed through the City site. Critical service pipelines (including oil, water and high pressure gas lines) would be run above ground and non-critical lines (including utility lines and low pressure gas and water lines) would be buried within or alongside the existing oil road. A complete technical report addressing this approach and detailing the safety mechanisms will be contained in the Project's EIR.

4. *Is there another company that will extract?*

No, Synergy Oil & Gas is the operator.

5. *What is the project website?*

www.loscerritoswetlandsrestorationplan.com

6. *With current Federal administration moving to remove Federal environmental regulations, how does this impact your plans?*

We are not aware of any Federal undertaking which would impact this proposal.