

**CALENDAR ITEM
C75**

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M. Voskanian
A. Abeleda, D. Brown

**REQUEST AUTHORITY FOR THE EXECUTIVE OFFICER
TO EXECUTE AN INTERAGENCY AGREEMENT WITH THE DEPARTMENT OF
WATER RESOURCES FOR THE CENTRAL VALLEY FLOOD PROTECTION BOARD
TO PROVIDE LEASE SAFETY INSPECTION, ROYALTY ACCOUNTING,
ENGINEERING AND GEOLOGIC SERVICES**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

The Commission staff has been requested to provide lease management and engineering services to the Central Valley Flood Protection Board for various oil and gas leases under the Board's jurisdiction. The Board does not have the necessary expertise to perform this work. Staff has been performing this work under single year contracts for many years.

PROPOSED ACTIVITY:

The purpose of the proposed Agreement is to reimburse Commission staff for providing support services for all the Board's active gas and oil leases. The Scope of Work includes, but not limited to:

- Inspect leases and check field operations;
- Verify the total product sales;
- Compute royalties due the Board in accordance with lease terms;
- Prepare and furnish a comparison of differences between amounts due and amount paid by Lessee and its operators;
- Analyze production trends; determine if Lessee is in compliance with lease provisions.
- Ensure compliance with lease terms and conditions
- Observe drilling activities;
- Review proposed leasing and development proposals proposed by the Board.

The agreement term is for 5 years for an amount not to exceed \$100,000.

CALENDAR ITEM NO. C75 (CONT'D)

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. Public Contract Code Section 6106

IT IS RECOMMENDED THAT THE COMMISSION:

1. Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, Section 15060(c)(3) because the activity is not a project as defined by Public Resources Code Section 21065 and Title 14, California Code of Regulations, Section 15378.
2. Authorize the Executive Officer or his designee to execute an agreement with the Department of Water Resources for the Central Valley Flood Protection Board to recover all costs incurred in the performance of this work.