

**CALENDAR ITEM
C37**

A	Statewide	10/16/08 Bid Log 2008-07 W40912
S		M. Voskanian, A. Abeleda, D. Brown,

**REQUEST AUTHORITY FOR EXECUTIVE OFFICER TO SOLICIT PROPOSALS
FOR ENGINEERING SERVICES, NEGOTIATE FAIR AND REASONABLE PRICE,
AWARD AND EXECUTE AGREEMENTS FOR EVALUATION OF GEOLOGIC AND
RESERVOIR FORMATIONS UNDER STATE TIDELANDS LOCATED OFFSHORE
CALIFORNIA**

PARTY:

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

BACKGROUND:

Staff has received an application to extend the lease boundaries of two offshore oil and gas leases, PRC 3120.1 and PRC 3242.1 into a currently unleased area of state waters in Santa Barbara County off the cities of Santa Barbara and Goleta, California. Pursuant to Public Resources Code §6872.5, the Commission may consider such a request if the Commission makes certain findings, and the areas added to the lease are developed from existing offshore facilities within the original lease boundaries. At present, staff has insufficient information and knowledge of the areas under consideration for leasing to make a reasonably well founded recommendation to the Commission as to whether the adjustment will permit more efficient utilization of state resources, and whether the modifications are reasonably necessary for development of all the resources within the reconfigured lease, which are two findings the Commission must make in order to consider approval of the boundary extensions. An independent third party consultant is needed to determine if (1) the boundary extensions are reasonably necessary to develop the resource; (2) the boundary extensions as proposed would permit more efficient utilization (and production) of state resources; and, (3) the proposed boundary extensions would develop the same state resources that are currently producing. Staff would also request the consultant (4) develop an estimated production forecast with and without the proposed lease boundary extension.

CALENDAR ITEM NO. **C37** (CONT'D)

PROPOSED ACTIVITY:

Staff requests authority to enter into a contract with an independent engineering firm to review and analyze the best current information pertaining to these and other areas in question.

The firm selected will work directly for the Staff, and shall enter into confidential relationships with the applicant and others to acquire the necessary information and documents upon which to base their findings. The study will be funded solely by the applicant through reimbursable agreements with the State.

Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contracting Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. All costs shall be recovered from project applicant.

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 the CEQA because it is not a "project" as defined by the 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.

2. Approval of this item by the Commission does not constitute approval of the proposed lease; it only authorizes consultant contracts for engineering services.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 (A & E method)
- C. Public Contract Code Section 6106
- D. Government Code Section 4526
- E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. 15060(c)(3) BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS

CALENDAR ITEM NO. **C37** (CONT'D)

DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.

2. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342.610 BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
3. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS FOR PROFESSIONAL SERVICES OF ARCHITECTURAL, LANDSCAPE ARCHITECTURAL, ENGINEERING, ENVIRONMENTAL, LAND SURVEYING OR CONSTRUCTION PROJECT MANAGEMENT SERVICES WILL BE CONSISTENT WITH PROCEDURES AND POLICIES ADOPTED BY THE COMMISSION AS SPECIFIED IN GOVERNMENT CODE SECTION 4526 AND TITLE 2, CALIFORNIA CODE OF REGULATIONS 2980 –2980.9.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACTS FOR RESERVOIR ENGINEERING SERVICES IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES NOT TO EXCEED \$100,000.
5. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AGREEMENTS WITH PROJECT APPLICANT TO RECOVER COSTS INCURRED IN THE CONSIDERATION OF THIS PROJECT.