

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF WATER QUALITY
SEPTEMBER 7, 2016**

ITEM 3

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO ENTER INTO MULTI-YEAR CONTRACTS TO CONTINUE IMPLEMENTATION OF THE OIL AND GAS REGIONAL GROUNDWATER MONITORING PROGRAM

DISCUSSION

California Water Code section 10783 (Senate Bill 4, Pavley, Statutes of 2013) required the State Water Resources Control Board (State Water Board) to implement a regional groundwater monitoring program (regional monitoring program) to assess potential impacts from well stimulation (includes hydraulic fracturing). The Model Criteria for Groundwater Monitoring in Areas of Oil and Gas Well Stimulation (Model Criteria) was adopted by the State Water Board on July 7, 2015 ([Resolution No. 2015-0047](#)), and includes the criteria for the regional monitoring program.

The regional monitoring program is designed to assess the potential effects of well stimulation and other oil and gas development activities on groundwater resources that currently, or may in the future, have beneficial uses.

The regional monitoring program is funded through the Oil, Gas, and Geothermal Administrative Fund. The revenue sources for this fund are the annual assessments and fees collected from entities that operate oil or gas wells pursuant to Public Resources Code Section 3401(a). The authorized expenditure authority for the regional monitoring program will not exceed \$7,400,000 for fiscal year 2016-2017, and is not expected to exceed \$7,400,000 annually thereafter. The funding will be used to continue the implementation of the regional monitoring program through multi-year contracts with the U.S. Geological Survey.

POLICY ISSUE

Should the State Water Board adopt a resolution to authorize the Executive Director or designee to enter into multi-year contracts and any amendments thereto, not to exceed \$7,400,000 annually to continue implementation of the regional monitoring program?

FISCAL IMPACT

The funding available from the Oil, Gas, and Geothermal Administrative Fund for contracts totals \$7,400,000 for fiscal year 2016-17, and is expected to be no more than that amount annually thereafter through the 2019-2020 fiscal year.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

That the State Water Board adopt a resolution authorizing the Executive Director or designee to enter into multi-year contracts and any amendments thereto, not to exceed \$7,400,000 for each of the 2016-2017, 2017-2018, 2018-2019, and 2019-2020 fiscal years, to continue implementation of regional monitoring program.

State Water Board action on this item will assist the Water Boards in reaching Goal 5 of the Strategic Plan Update: 2008-2012 to enhance and improve accessibility of groundwater quality information.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2016-

AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO ENTER INTO MULTI-YEAR CONTRACTS TO CONTINUE IMPLEMENTATION OF THE OIL AND GAS REGIONAL GROUNDWATER MONITORING PROGRAM

WHEREAS:

1. Senate Bill 4 (Chapter 313, Statutes of 2013, including Water Code section 10783), signed by the Governor on September 20, 2013, requires the State Water Resources Control Board (State Water Board) to establish and implement a comprehensive regulatory groundwater monitoring and oversight program for well stimulation treatment activities in areas of oil and gas operations.
2. Water Code section 10783, subdivision (c), required the State Water Board to develop model criteria for groundwater monitoring in order to assess the potential effects of well stimulation treatment activities on the state's groundwater resources which includes a regional groundwater monitoring program (regional monitoring program).
3. The State Water Board adopted the Model Criteria for Groundwater Monitoring in Areas of Oil and Gas Well Stimulation on July 7, 2015, and began implementation of the regional monitoring program on January 1, 2016.
4. Expenditure authority for Oil and Gas Monitoring Program contracts included in the fiscal year 2016-2017 budget is \$7,400,000, and expected to be no more than \$7,400,000 annually thereafter, from the Oil, Gas and Geothermal Administrative Fund.
5. These funds will be used annually to continue to implement the regional monitoring program for the next four years (though fiscal year 2019-2020) through collaboration with the U.S. Geological Survey in contract agreements.

THEREFORE BE IT RESOLVED THAT:

The State Water Board authorizes the Executive Director or designee to enter into multi-year contracts and any amendments thereto upon passage of the fiscal year budgets, not to exceed \$7,400,000 for each of the 2016-2017, 2017-2018, 2018-2019, and 2019-2020 fiscal years, to continue implementation of the regional monitoring program.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on September 7, 2016.

Jeanine Townsend
Clerk to the Board