

## MEMORANDUM OF UNDERSTANDING

between

California State Office  
U.S. Bureau of Land Management  
and  
California Department of Conservation  
Division of Oil, Gas, and Geothermal Resources

### I. Purpose.

This Memorandum of Understanding (MOU) is made and entered into by and between the U.S. Bureau of Land Management in California, hereinafter called the "BLM" and the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources, hereinafter called the "Division." The purposes of this MOU are to delineate procedures for regulating oilfield operations where both the BLM and the Division have jurisdictional authority, to streamline operations, and to minimize duplication. Unless otherwise noted, this MOU applies to oilfield operations on all federally-owned land administered by BLM in California, whether that land is owned in total by the federal government or is a "split-estate" (where the federal government owns either the minerals or the surface, but not both). Wells within a federal unit but located on land with both private surface and minerals ownership are not considered to be on "BLM Administered Land" unless the unit agreement stipulates BLM regulation of the land, and then only to the extent stipulated by the unit agreement. However, production verification for both private and federal wells in federal units will be performed by BLM.

### II. Objective.

The BLM and the Division recognize that it is in the best interest of the respective agencies and the public to exchange information and combine resources where possible.

The BLM and Division agree on the importance of regular, informal meetings with operators, industry representatives and other interested parties in settings such as the Oil and Gas Workgroup, and other public venues. Both signatory parties are committed to attending such meetings and sharing information, as appropriate.

To implement this MOU in the most effective manner, specific goals have been identified in this MOU. Over the course of the next year the BLM and the Division will begin to develop specific plans that implement the goals listed below:

1. BLM will annually share with the Division its Inspection and Enforcement (I&E) risk-based matrix process for well and lease inspections so that an annual joint inspection plan can be developed for maximum I&E coverage. This joint plan will facilitate:
  - a) inspecting leases and wells;
  - b) conducting surface inspections that recognize and accommodate BLM's and the Division's environmental and production inspection requirementsShould Bureau or Division policies prevent or hinder development of a plan, each agency would work to implement joint inspections as efficiently as possible.
2. Share and/or host employees to further mutual understanding, efficiency, and collaboration.
3. Jointly develop a plan to implement variance notifications.
4. Jointly develop a product to electronically streamline operator submittals in areas where BLM and Division authorities overlap including:
  - a) notifications, including spills or upcoming tests;
  - b) well approvals;
  - c) in-drilling modifications;
  - d) completions.
5. To foster continual improvement of outcomes and progress in reaching our mutual goals, the BLM and Division staffs will participate in meetings and other forms of communication.
6. Jointly coordinate idle well monitoring and inspections.
7. Jointly explore adopting region-wide Best Management Practices specific to California. Coordinate the development and implementation of future hydraulic fracturing and cyclic steaming regulations.
8. Jointly develop plans to gauge progress in meeting goals and improving service levels to our respective customers.
9. Jointly develop plans to reduce or eliminate respective agency scheduling and/or timing conflicts, including those needed to comply with NEPA or CEQA.

Other goals may be developed at the recommendation of BLM, or the Division. Goals may be added, modified or deleted with the consent of the BLM and the Division.

As plans are developed to implement the above goals, they will be incorporated into and made a part of this MOU. This MOU is not intended to supersede any compliance requirements with federal or state laws and regulations.

### III. Authority.

This MOU is entered into with full recognition of the following regulatory mandates and authorities:

A) **The BLM** has statutory authority for regulation of all oilfield operations on BLM administered land, under The Mineral Leasing Act of 1920, The National Environmental Policy Act of 1970, The Federal Land Policy and Management Act of

1976, and the Federal Oil and Gas Royalty Management Act of 1982, among others. Regulatory authority to implement these statutes is codified in Title 43 and 40 of the Code of Federal Regulations. Under Federal regulations the BLM, as the federal minerals and/or surface owner, is responsible for regulating oilfield operations (well and surface resources) on all BLM administered lands. The BLM will act in its capacity as a NEPA lead or responsible agency, and consult with the Division to facilitate CEQA compliance as appropriate. (See 40 CFR Part 1500)

B) **The Division** has the statutory responsibility under Division 3 of the Public Resources Code (PRC) to regulate the State's oilfield operations. By State statute, the Division is wholly responsible for regulating well operations and for appropriate surface facilities. The Division has been approved, under provisions of Section 1425 of the Federal Safe Drinking Water Act, to administer the Underground Injection Control (UIC) program for Class II injection wells in the state of California. Also, depending on the project type and location, the Division may act in a lead agency or responsible agency capacity under the California Environmental Quality Act (CEQA). The Division will act in its capacity as a CEQA lead or responsible agency as appropriate, and consult with BLM to facilitate CEQA compliance (See California Code of Regulations, title 14, sections 15220 to 15229; See also 40 Code of Federal Regulations Part 1506.2.)


C) **Both the BLM and the Division** are mandated to protect hydrocarbon reservoirs, groundwater, and health and safety; however, Division statutes effectively place responsibility for well and surface facilities operations with the operator, while BLM, as the manager of Federally-owned lands, maintains considerable responsibility for both well and surface resources conditions where Federal resources are involved. The BLM is responsible for enforcing a wide range of surface land-use issues, including fresh water protection from surface discharges and endangered species habitat.

#### IV. Administrative Provisions.

This MOU replaces and nullifies the MOU revised and adopted in March 2008, presently in effect between the BLM and the Division. This MOU may be modified by mutual consent and agreement of the BLM and the Division, as conditions warrant. This MOU does not limit the BLM and the Division from developing other agreements, within the limit of their statutory responsibilities and authorities, either with each other or with other parties or agencies. Nothing in this MOU may supersede or exceed the statutory or regulatory authority, or responsibility of either agency.

This MOU will be effective upon signature of the designated parties. This MOU can be terminated by either party by providing written notice at least 45 days in advance.


APPROVED:

  
James G. Kenna  
State Director  
Bureau of Land Management


10/16/2012  
Date

  
Mark Nechodom  
Director  
Department of Conservation

10/16/2012  
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Division of Oil, Gas, and Geothermal Resources

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