

AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

THIS AGREEMENT (hereafter Agreement) is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereafter COUNTY) and CJM Petroleum Consulting, Inc. with an address at PO Box 32323, Long Beach CA, 90832 (hereafter CONTRACTOR) wherein CONTRACTOR agrees to provide and COUNTY agrees to accept the services specified herein.

WHEREAS, the County seeks a technical consultant to conduct an amortization study of onshore oil and gas extraction facilities and operations; and

WHEREAS, the County issued a competitive request for proposals and selected CJM Petroleum Consulting, Inc. (CONTRACTOR) as the technical consultant; and

WHEREAS, CONTRACTOR represents that it is specially trained, skilled, experienced, and competent to perform the special services required by COUNTY and COUNTY desires to retain the services of CONTRACTOR pursuant to the terms, covenants, and conditions herein set forth;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. DESIGNATED REPRESENTATIVE

Garrett Wong (at 805-390-2983 (C) / 805-568-3503 (O) / gwong@countyofsb.org) is the representative of COUNTY and will administer this Agreement for and on behalf of COUNTY. Colin Muir (at 661-379-5215 / colin@cjmpetroleum.com) is the authorized representative for CONTRACTOR. Changes in designated representatives shall be made only after advance written notice to the other party.

2. NOTICES

Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by personal delivery or facsimile, or with postage prepaid by first class mail, registered or certified mail, or express courier service, as follows:

To COUNTY:
Garrett Wong, Sustainability Division Manager
123 E Anapamu Street, Suite 228
Santa Barbara, CA 93101

To CONTRACTOR:
CJM Petroleum Consulting Inc
PO Box 32323
Long Beach, CA 90832

or at such other address or to such other person that the parties may from time to time designate in accordance with this Notices section. If sent by first class mail, notices and consents under this section shall be deemed to be received five (5) days following their deposit in the U.S. mail. This Notices section shall not be construed as meaning that either party agrees to service of process except as required by applicable law.

3. SCOPE OF SERVICES

CONTRACTOR agrees to provide services to COUNTY in accordance with EXHIBIT A attached hereto and incorporated herein by reference.

4. TERM

CONTRACTOR shall commence performance upon approval and execution by all parties and end performance upon completion, but no later than December 31, 2027, subject to annual budget appropriations, unless otherwise directed by COUNTY or unless earlier terminated.

5. COMPENSATION OF CONTRACTOR

In full consideration for CONTRACTOR's services, CONTRACTOR shall be paid for performance under this Agreement in accordance with the terms of EXHIBIT B attached hereto and incorporated herein by reference. Billing shall be made by invoice, which shall include the contract number assigned by COUNTY and which is delivered to the address given in Section 2 NOTICES above following completion of the increments identified on EXHIBIT B. Unless otherwise specified on EXHIBIT B, payment shall be net thirty (30) days from presentation of invoice.

6. INDEPENDENT CONTRACTOR

It is mutually understood and agreed that CONTRACTOR (including any and all of its officers, agents, and employees), shall perform all of its services under this Agreement as an independent contractor as to COUNTY and not as an officer, agent, servant, employee, joint venturer, partner, or associate of COUNTY. Furthermore, COUNTY shall have no right to control, supervise, or direct the manner or method by which CONTRACTOR shall perform its work and function. However, COUNTY shall retain the right to administer this Agreement so as to verify that CONTRACTOR is performing its obligations in accordance with the terms and conditions hereof. CONTRACTOR understands and acknowledges that it shall not be entitled to any of the benefits of a COUNTY employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, workers' compensation and protection of tenure. CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, CONTRACTOR shall be solely responsible and save COUNTY harmless from all matters relating to payment of CONTRACTOR's employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, CONTRACTOR may be providing services to others unrelated to the COUNTY or to this Agreement.

7. STANDARD OF PERFORMANCE

CONTRACTOR represents that it has the skills, expertise, and licenses/permits necessary to perform the services required under this Agreement. Accordingly, CONTRACTOR shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which CONTRACTOR is engaged. All products of whatsoever nature, which CONTRACTOR delivers to COUNTY pursuant to this Agreement, shall be prepared in a professional and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR's profession. CONTRACTOR shall correct or revise any errors or omissions, at COUNTY'S request without additional compensation. Permits and/or licenses shall be obtained and maintained by CONTRACTOR without additional compensation.

8. DEBARMENT AND SUSPENSION

CONTRACTOR certifies to COUNTY that it and its employees and principals are not debarred, suspended, or otherwise excluded from or ineligible for, participation in federal, state, or county government contracts. CONTRACTOR certifies that it shall not contract with a subcontractor that is so debarred or suspended.

9. TAXES

CONTRACTOR shall pay all taxes, levies, duties, and assessments of every nature due in connection with any work under this Agreement and shall make any and all payroll deductions required by law. COUNTY shall not be responsible for paying any taxes on CONTRACTOR's behalf, and should COUNTY be required to do so by state, federal, or local taxing agencies, CONTRACTOR agrees to promptly reimburse COUNTY for the full value of such paid taxes plus interest and penalty, if any. These taxes shall include, but not be limited to, the following: FICA (Social Security), unemployment insurance contributions, income tax, disability insurance, and workers' compensation insurance.

10. CONFLICT OF INTEREST

CONTRACTOR covenants that CONTRACTOR presently has no employment or interest and shall not acquire any employment or interest, direct or indirect, including any interest in any business, property, or source of income, which would have a material conflict in any manner or degree with the specific services required to be performed under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having any such interest shall be employed by CONTRACTOR. Other unrelated work is permissible provided that no confidential information is shared or used improperly, and any engagements that could reasonably be perceived as a conflict are disclosed. CONTRACTOR must promptly disclose to COUNTY, in writing, any potential conflict of interest. COUNTY retains the right to waive a conflict of interest disclosed by CONTRACTOR if COUNTY determines it to be immaterial, and such waiver is only effective if provided by COUNTY to CONTRACTOR in writing.

11. OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY

COUNTY shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected, all documents of any type whatsoever, all photos, designs, sound or audiovisual recordings, inventions, technologies, and other materials, and any material necessary for the practical use of such items, from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CONTRACTOR shall not release any of such items to other parties except after prior written approval of COUNTY.

Unless otherwise specified in Exhibit A, CONTRACTOR hereby assigns to COUNTY all copyright, patent, and other intellectual property and proprietary rights to all data, documents, reports, photos, designs, sound or audiovisual recordings, inventions, technologies, and other materials prepared or provided by CONTRACTOR

pursuant to this Agreement (collectively referred to as "Copyrightable Works and Inventions"). COUNTY shall have the unrestricted authority to copy, adapt, perform, display, publish, disclose, distribute, create derivative works from, and otherwise use in whole or in part, any Copyrightable Works and Inventions. CONTRACTOR agrees to take such actions and execute and deliver such documents as may be needed to validate, protect and confirm the rights and assignments provided hereunder. CONTRACTOR warrants that any Copyrightable Works and Inventions and other items provided under this Agreement will not infringe upon any intellectual property or proprietary rights of any third party. CONTRACTOR at its own expense shall defend, indemnify, and hold harmless COUNTY against any claim that any Copyrightable Works or Inventions or other items provided by CONTRACTOR hereunder infringe upon intellectual or other proprietary rights of a third party, and CONTRACTOR shall pay any damages, costs, settlement amounts, and fees (including attorneys' fees) that may be incurred by COUNTY in connection with any such claims. This Ownership of Documents and Intellectual Property provision shall survive expiration or termination of this Agreement.

Any modifications made by the COUNTY or any agents of the COUNTY, to any of the CONTRACTOR's documents or any partial use of a document without the express written consent of the CONTRACTOR will be at the COUNTY's sole risk and without liability to the CONTRACTOR.

12. NO PUBLICITY OR ENDORSEMENT

CONTRACTOR shall not use COUNTY's name or logo or any variation of such name or logo in any publicity, advertising or promotional materials. CONTRACTOR shall not use COUNTY's name or logo in any manner that would give the appearance that the COUNTY is endorsing CONTRACTOR. CONTRACTOR shall not in any way contract on behalf of or in the name of COUNTY. CONTRACTOR shall not release any informational pamphlets, notices, press releases, research reports, or similar public notices concerning the COUNTY or its projects, without obtaining the prior written approval of COUNTY.

13. COUNTY PROPERTY AND INFORMATION

All of COUNTY's property, documents, and information provided for CONTRACTOR's use in connection with the services shall remain COUNTY's property, and CONTRACTOR shall return any such items whenever requested by COUNTY and whenever required according to the Termination section of this Agreement. CONTRACTOR may use such items only in connection with providing the services. CONTRACTOR shall not disseminate any COUNTY property, documents, or information without COUNTY's prior written consent.

14. RECORDS, AUDIT, AND REVIEW

CONTRACTOR shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CONTRACTOR's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting principles. COUNTY shall have the right to audit and review all such documents and records at any time during CONTRACTOR's regular business hours or upon reasonable notice. In addition, if this Agreement exceeds ten thousand dollars (\$10,000.00), CONTRACTOR shall be subject to the examination and audit of the California State Auditor, at the request of the COUNTY or as part of any audit of the COUNTY, for a period of three (3) years after final payment under the Agreement (Cal. Govt. Code Section 8546.7). CONTRACTOR shall participate in any audits and reviews, whether by COUNTY or the State, at no charge to COUNTY.

If federal, state or COUNTY audit exceptions are made relating to this Agreement, CONTRACTOR shall reimburse all costs incurred by federal, state, and/or COUNTY governments associated with defending against the audit exceptions or performing any audits or follow-up audits, including but not limited to: audit fees, court costs, attorneys' fees based upon a reasonable hourly amount for attorneys in the community, travel costs, penalty assessments and all other costs of whatever nature. Immediately upon notification from COUNTY, CONTRACTOR

shall reimburse the amount of the audit exceptions and any other related costs directly to COUNTY as specified by COUNTY in the notification.

15. INDEMNIFICATION AND INSURANCE

CONTRACTOR agrees to the indemnification and insurance provisions as set forth in EXHIBIT C attached hereto and incorporated herein by reference.

16. NONDISCRIMINATION

COUNTY hereby notifies CONTRACTOR that COUNTY's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and CONTRACTOR agrees to comply with said ordinance.

17. NONEXCLUSIVE AGREEMENT

CONTRACTOR understands that this is not an exclusive Agreement and that COUNTY shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by CONTRACTOR as the COUNTY desires.

18. NON-ASSIGNMENT

CONTRACTOR shall not assign, transfer or subcontract this Agreement or any of its rights or obligations under this Agreement without the prior written consent of COUNTY and any attempt to so assign, subcontract or transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

19. TERMINATION

- A. By COUNTY. COUNTY may, by written notice to CONTRACTOR, terminate this Agreement in whole or in part at any time, whether for COUNTY's convenience, for nonappropriation of funds, or because of the failure of CONTRACTOR to fulfill the obligations herein.
1. **For Convenience.** COUNTY may terminate this Agreement in whole or in part upon thirty (30) days written notice. During the thirty (30) day period, CONTRACTOR shall, as directed by COUNTY, wind down and cease its services as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on COUNTY from such winding down and cessation of services.
 2. **For Nonappropriation of Funds.** Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state or COUNTY governments, or funds are not otherwise available for payments in the fiscal year(s) covered by the term of this Agreement, then COUNTY will notify CONTRACTOR of such occurrence and COUNTY may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, COUNTY shall have no obligation to make payments with regard to the remainder of the term.
 3. **For Cause.** Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, COUNTY may, at COUNTY's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, CONTRACTOR shall immediately discontinue all services affected (unless the notice directs otherwise) and notify COUNTY as to the

status of its performance. The date of termination shall be the date the notice is received by CONTRACTOR, unless the notice directs otherwise.

- B. By CONTRACTOR. Should COUNTY fail to pay CONTRACTOR all or any part of the payment set forth in EXHIBIT B, CONTRACTOR may, at CONTRACTOR's option terminate this Agreement if such failure is not remedied by COUNTY within thirty (30) days of written notice to COUNTY of such late payment.
- C. Upon termination, CONTRACTOR shall deliver to COUNTY all data, estimates, graphs, summaries, reports, and all other property, records, documents or papers as may have been accumulated or produced by CONTRACTOR in performing this Agreement, whether completed or in process, except such items as COUNTY may, by written permission, permit CONTRACTOR to retain. Notwithstanding any other payment provision of this Agreement, COUNTY shall pay CONTRACTOR for satisfactory services performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CONTRACTOR be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. CONTRACTOR shall furnish to COUNTY such financial information as in the judgment of COUNTY is necessary to determine the reasonable value of the services rendered by CONTRACTOR. In the event of a dispute as to the reasonable value of the services rendered by CONTRACTOR, the decision of COUNTY shall be final. The foregoing is cumulative and shall not affect any right or remedy which COUNTY may have in law or equity.

20. SECTION HEADINGS

The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

21. SEVERABILITY

If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

22. REMEDIES NOT EXCLUSIVE

No remedy herein conferred upon or reserved to COUNTY is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

23. TIME IS OF THE ESSENCE

Time is of the essence in this Agreement and each covenant and term is a condition herein. However, CONTRACTOR shall not be responsible for delays solely caused by circumstances beyond its reasonable control.

24. NO WAIVER OF DEFAULT

No delay or omission of COUNTY to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to COUNTY shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of COUNTY.

25. ENTIRE AGREEMENT AND AMENDMENT

In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreements, course of conduct, waiver or estoppel.

26. SUCCESSORS AND ASSIGNS

All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

27. COMPLIANCE WITH LAW

CONTRACTOR shall, at its sole cost and expense, comply with all applicable County, State and Federal ordinances and statutes now in force or which may hereafter be in force with regard to this Agreement. The judgment of any court of competent jurisdiction, or the admission of CONTRACTOR in any action or proceeding against CONTRACTOR, whether COUNTY is a party thereto or not, that CONTRACTOR has violated any such ordinance or statute, shall be conclusive of that fact as between CONTRACTOR and COUNTY.

28. CALIFORNIA LAW AND JURISDICTION

This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

29. EXECUTION OF COUNTERPARTS

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

30. AUTHORITY

All signatories and parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, CONTRACTOR hereby warrants that it shall not have breached the terms or conditions of any other contract or agreement to which CONTRACTOR is obligated, which breach would have a material effect hereon.

31. SURVIVAL

All provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement shall survive such termination or expiration.

32. PRECEDENCE

In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.

Agreement for Services of Independent Contractor between the **County of Santa Barbara** and **CJM Petroleum Consulting, Inc.**

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by COUNTY.

ATTEST:

Mona Miyasato
County Executive Officer
Clerk of the Board

By: _____
Deputy Clerk

COUNTY OF SANTA BARBARA:

By: _____
Bob Nelson
Chair, Board of Supervisors

Date: _____

RECOMMENDED FOR APPROVAL:

Community Services Department

DocuSigned by:
By: Jesus Armas
E33B804A6E03475...
Jesus Armas
Department Director

CONTRACTOR:

CJM Petroleum Consulting, Inc.

DocuSigned by:
By: Colin Muir
86BCBF2F-AB5B421...
Authorized Representative

Name: Colin Muir
Title: President

APPROVED AS TO FORM:

Rachel Van Mullem
County Counsel

Signed by:
By: Tyler Sprague
0AC56B8DE45F483...
Deputy County Counsel
Tyler Sprague

APPROVED AS TO ACCOUNTING FORM:

Betsy M. Schaffer, CPA
Auditor-Controller

Signed by:
By: Shawna Jorgensen
DF6DB6D7D6344E6...
Deputy Auditor
Shawna Jorgensen

APPROVED AS TO FORM:

Risk Management

Signed by:
By: Marisa Kahn
DF54F5C68F0C41A...
Marisa Kahn
Interim Risk Manager

EXHIBIT A STATEMENT OF WORK

This Statement of Work defines the scope of services in support of the County's effort to evaluate the amortization of onshore oil and gas extraction facilities and operations within Santa Barbara County. The study will support policy decision-making related to the potential cessation of operations and will produce results that are technically sound, transparent, defensible, and suitable for public communication. Consultant shall perform all of the following Services set forth in this Scope of Work in exchange for the fixed fees set forth in Exhibit B, which shall include all overhead, administrative costs, and profit.

SCOPE OF WORK

Consultant shall furnish all professional services, labor, analytical tools, data, coordination, and incidentals necessary to perform a comprehensive oil and gas amortization study (collectively, "Services") for the Project. All Services shall be performed in compliance with applicable federal, state, and local laws, County standards, and all other applicable laws and policies.

1.1 Project Kickoff

Consultant shall facilitate a project kickoff meeting upon notice to proceed. The meeting shall align on study objectives, methodology, schedule, and key considerations. Deliverables include:

- Meeting agenda
- Introductory presentation deck
- Post-meeting summary / minutes
- Action item log (from questions or observations during meeting)
- County data request list
- Preliminary project schedule

Consultant shall conduct bi-weekly coordination meetings with County staff throughout the study duration to review progress, action items, schedule, and budget. Consultant shall provide periodic invoices accompanied by written progress reports summarizing activities completed, tasks in progress, and upcoming milestones. Deliverables include:

- Bi-weekly meeting agendas and summaries
- Periodic invoices with progress narratives
- Project schedule, updated as needed throughout the study

2.1 Request for Information (RFI) Development and Distribution

Consultant shall coordinate with County staff to develop and distribute a Request for Information (RFI) to local oil and gas operators, royalty owners, and industry representatives. The RFI will gather stakeholder input on financial performance data and other influential criteria for use as customized inputs in the financial modeling process. Consultant shall provide guidance to ensure RFI responses are appropriately collected and incorporated into the evaluation. Deliverables include:

- Memorandum describing data request components and their role in the financial model
- Draft and final RFI document

- Stakeholder contact list derived from CalGEM/WellSTAR public records
- Documentation of email outreach campaign (recipients, dates, and method)
- Summary of responses received and comparison to standard model input assumptions

Consultant shall prepare a formal memorandum documenting the proposed methodology and workflow for the amortization study. The memorandum shall serve as a project roadmap and shall include a description of the proposed amortization analysis methodology and a roadmap for consideration of financial impacts to royalty owners. Consultant shall present the memorandum to County staff and incorporate County feedback. Deliverables include:

- Methodology Memorandum
- Accompanying summary presentation

3.1 Define Study Well Catalog

Consultant shall develop a comprehensive catalog of all subject wells in the County using a GIS workflow in ArcGIS Pro, leveraging reference layers from official County and CalGEM sources. The catalog is expected to comprise approximately 2,260 operational wells, subject to refinement in coordination with County stakeholders. Quality assurance procedures shall be applied to identify and correct locational errors and minimize the risk of omissions or false inclusions. Consultant shall document and justify all well inclusions and exclusions. Deliverables include:

- Finalized study well catalog
- Documented inclusion/exclusion criteria

Consultant shall collect key data required for amortization evaluation, including individual well records maintained by CalGEM, WellSTAR platform data, and pre-1977 analog production records. Consultant shall leverage its existing consolidated SQL database (1977+) of CalGEM volumetric records to accelerate study execution. Data collection activities shall include:

- Well-level data collection from CalGEM and WellSTAR for all study wells
- Submission of Public Record Act Requests to CalGEM as required to collect necessary information
- Collection and digitization of pre-1977 production data for wells drilled prior to 1977
- Integration of RFI responses from industry stakeholders, modeled separately from standard scenarios for comparative analysis
- Literature and industry research to support qualified input assumptions and model design

Consultant shall apply data validation and normalization procedures to ensure consistency, completeness, and usability across all inputs. Records from multiple sources shall be reviewed for internal consistency, reconciled where discrepancies exist, and standardized into a common structure suitable for financial modeling. Deliverables include:

- Validated and normalized data catalog as excel or SQL files (for model ingestion)
- Documentation of data sources, validation procedures, and key assumptions

For wells reporting production in the 2024-2025 period, Consultant shall employ Decline Curve Analysis (DCA) to project future well performance based on historical production trends. Projected revenue from these forecasts shall also support estimation of future royalty income for third-party mineral rights holders, consistent with County objectives. Deliverables include:

- Production forecast outputs by well, integrated into the financial model

Consultant shall apply a proven financial modeling methodology to evaluate economic performance and amortization under local operating conditions at both the well and asset levels. The model shall integrate all relevant economic inputs, including:

- Capital Investment (CAPEX): Well installation costs (drilling, completion, equipping, and tie-in) and asset acquisition costs, estimated using appropriate methods, adjusted for local conditions, and refined using well-specific data from CalGEM records.
- Revenue: Historical and projected commodity price data from the EIA validated against historical financial reporting, combined with historical production records sourced from CalGEM and Consultant's production forecasts developed under Task 3.3.
- Royalty Burdens: Royalty rates applied across a defined range adjustable in half-percent increments, with documented site-specific rates applied directly where provided by operators or mineral rights holders through RFI process.
- Operating Expenses (OPEX): Operating cost assumptions informed by a review of historical financial disclosures from representative operators and RFI response catalog.
- Income Taxes and Deductions: Federal and state income tax rates applied consistent with the study period, incorporating allowable deductions including operating expenses and depletion, depreciation, and amortization (DDA).
- Asset Retirement Obligations (ARO): Well abandonment costs derived from CalGEM records and validated with state decommissioning data; surface facility decommissioning assumptions derived from EIA national study benchmarks. Incorporation of operator-submitted Total Liability Estimates from WellSTAR (where available).
- Allowable Return on Investment: Weighted Average Cost of Capital (WACC) applied as the discount rate, with amortization deemed achieved when cumulative discounted cash flows, including the return allowance, reach zero.

Amortization periods shall be evaluated at both the individual well and aggregated asset levels (oilfield and acquisition). Sensitivity analysis shall be incorporated to account for variability in key input parameters. Consultant shall provide a qualified interpretation of findings using confidence scoring to support transparent and defensible conclusions. Deliverables include:

- Financial model outputs including annual cash flow results by well and asset, and amortization period estimates
- Sensitivity analysis results and confidence scoring by well and asset

Consultant shall prepare a comprehensive summary report aggregating study results. The report shall include a conceptual overview, methodology, detailed input justification, result summary, sensitivity investigation, and identification of amortization results by well (individual and asset level), including the estimated year of amortization and associated confidence metrics. A draft report shall be provided to the County for a four-week internal review period prior to finalization. Deliverables include:

- Draft Summary Report for County review and feedback
- Final Summary Report incorporating County comments

Consultant shall develop and provide access to a Power BI-based interactive amortization results dashboard. The dashboard shall visualize amortization results by well, asset, and operator, and include expanded reporting to characterize financial impacts for royalty owners (lessors). The dashboard shall be designed with structured, exportable outputs to support development of a County-created GIS-based dashboard.

Consultant shall conduct bi-weekly meetings with County staff and the County's Information Technology Division (ITD) to support County dashboard development. Consultant shall provide one live dashboard training session and accompanying user documentation.

Deliverables include:

- CJMPC-developed Power BI amortization dashboard with user documentation
- Study data files in Excel or County-specified format, containing annualized volumes and financial estimates covering the full lifecycle of studied wells and assets
- Collaboration on County-created GIS dashboard, including administrator instructions and one live training session

Consultant shall participate in the following public-facing engagements to communicate study results:

- Two (2) virtual community workshops
- Four (4) decision-maker hearings

Consultant shall prepare presentation materials for each engagement and incorporate County feedback prior to each event. Deliverables include:

- Presentation materials for each workshop and hearing.

SCHEDULE

Consultant shall complete all Services targeting a 52-week completion period from the date of formal notice to proceed, organized into five primary phases as described in the proposal. The parties acknowledge that certain activities are subject to factors outside Consultant's direct control, including County review cycles, RFI response timelines, Public Record Act Request turnaround, and stakeholder and public hearing scheduling. All timing and delivery expectations may be modified by mutual written agreement of the parties. Key milestone schedule is as follows:

- Week 0: Project inception following formal notice to proceed
- Week 1: Project kickoff meeting (Task 1.1)
- Week 6: Finalize study well scope, align on study methods, and distribute RFI to industry stakeholders
- Week 22: Conclude 16-week RFI process and compare findings against standard model inputs
- Week 29: Begin four-week draft study report review period
- Week 38: Final report acceptance
- Week 40: Initiate 12-week presentation period

**INTELLECTUAL PROPERTY
RIGHTS**

All final work products, reports, data files, and deliverables produced exclusively for the County under this Statement of Work shall be the property of the County upon acceptance and full payment. Consultant retains all right, title, and interest in its proprietary software coding, analytical tools, platform infrastructure (including Power BI and ArcGIS solutions), methodologies, trade secrets, and pre-existing intellectual property used to perform the Services. This Agreement does not grant the County any license or rights in or to Consultant's proprietary platforms, tools, or underlying systems beyond access for purposes of this study.

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EXHIBIT B
PAYMENT ARRANGEMENTS
Periodic Compensation

- A. For CONTRACTOR services to be rendered under this Agreement, CONTRACTOR shall be paid a total contract amount, including cost reimbursements, not to exceed **\$250,000**. The not to exceed amounts to be paid CONTRACTOR for each task and subtask are set forth in the line item budget provided in **EXHIBIT B-1**.
- B. Payment for services and/or reimbursement of costs shall be made upon CONTRACTOR's satisfactory performance, based upon the scope and methodology contained in **EXHIBIT A** as determined by COUNTY. Payment for services and/or reimbursement of costs shall be based upon the budget provided in **EXHIBIT B-1**. Invoices submitted for payment that are based upon **EXHIBIT B-1** must contain sufficient detail to enable an audit of the charges and provide supporting documentation if so specified in **EXHIBIT A**.
- C. CONTRACTOR shall submit an invoice or certified claim to the COUNTY DESIGNATED REPRESENTATIVE upon the completion of each milestone specified in EXHIBIT B-1. Each invoice or claim must cite the assigned Board Contract Number and clearly identify the milestone achieved. COUNTY DESIGNATED REPRESENTATIVE shall evaluate the quality and completion of the milestone and, if found satisfactory and within the cost basis of EXHIBIT B-1, shall initiate payment processing. COUNTY shall pay invoices or claims for satisfactory milestone work within 30 days of receipt of a correct and complete invoice or claim from CONTRACTOR.
- D. COUNTY's failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of COUNTY's right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.
- E. Any work requested by COUNTY that falls outside the scope of services described in EXHIBIT A shall be considered Contingency or Supplemental Services and shall be performed only to the extent authorized by COUNTY in writing. Payment for such services shall be drawn from the Contingency line item included in EXHIBIT B-1 and shall be calculated in accordance with the hourly rates or fee schedule set forth in EXHIBIT B-2, which include all overhead, administrative costs, and profit. CONTRACTOR shall submit invoices or certified claims for Contingency or Supplemental Services in the manner described in Sections B and C, and COUNTY shall pay CONTRACTOR for satisfactory work within 30 days of receipt of a correct and complete invoice or claim.

**EXHIBIT B-1
Budget**

Phase	Category (sub-total)	Task	Description	Cost	
1	Project Management (\$10,752.00)	1	Kickoff Meeting	\$3,072.00	
		2	Coordination & Bi-Weekly Meetings	\$7,680.00	
2	Methodology (\$16,896.00)	1	Develop & Distribute RFI	\$7,680.00	
		2	Method Memo & Presentation	\$9,216.00	
3	Study (\$168,576.00)	1	Define Study Catalog of Wells	\$11,520.00	
		2	Well/Asset Data Collection	\$39,936.00	
			Pre-1977 Production Data Collection	\$32,064.00	
		3	Future Production Forecasting	\$15,936.00	
		4	Financial Modeling	\$34,560.00	
		5	Draft Report	\$23,040.00	
			Final Report	\$11,520.00	
		Dashboard (\$16,128.00)	6	Collaboration on Development	\$11,520.00
				Bi-weekly dashboard meetings	\$2,304.00
				Training	\$2,304.00
Presentations	7	2 Workshops & 4 Hearings	\$13,824.00		
Labor Sub-Total				\$226,176.00	
Administration & Overhead				\$1,096.73	
Indirect Expenses				\$0.00	
Contingency (10%)				\$22,727.27	
GRAND TOTAL				\$250,000.00	

EXHIBIT B-2
SCHEDULE OF FEES FOR SUPPLEMENTAL SERVICES

An hourly rate of \$192, which includes all overhead, administrative costs, and profit, shall apply to Supplemental Services authorized by COUNTY.

EXHIBIT C
Indemnification and Insurance Requirements
(For Professional Contracts)

INDEMNIFICATION

CONTRACTOR agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to attorneys' fees) incurred by COUNTY on account of any claim except where such indemnification is prohibited by law. CONTRACTOR'S indemnification obligation applies to COUNTY'S active as well as passive negligence but does not apply to COUNTY'S sole negligence or willful misconduct.

NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS

CONTRACTOR shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

INSURANCE

CONTRACTOR shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the CONTRACTOR, its agents, representatives, employees or subcontractors.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if CONTRACTOR has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. ***(Not required if CONTRACTOR provides written verification that it has no employees)***
4. **Professional Liability:** (Errors and Omissions) Insurance appropriate to the CONTRACTOR'S profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the CONTRACTOR maintains broader coverage and/or higher limits than the minimums shown above, the COUNTY requires and shall be entitled to the broader coverage and/or the higher limits maintained by the CONTRACTOR. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the COUNTY.

B. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured** – COUNTY, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONTRACTOR'S insurance at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).
2. **Primary Coverage** – For any claims related to this contract, the CONTRACTOR'S insurance coverage shall be primary insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects the COUNTY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, officials, employees, or volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the COUNTY.
4. **Waiver of Subrogation Rights** – CONTRACTOR hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said CONTRACTOR may acquire against the COUNTY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the COUNTY. The COUNTY may require the CONTRACTOR to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
6. **Acceptability of Insurers** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".
7. **Verification of Coverage** – CONTRACTOR shall furnish the COUNTY with proof of insurance, original certificates and amendatory endorsements as required by this Agreement. The proof of insurance, certificates and endorsements are to be received and approved by the COUNTY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONTRACTOR'S obligation to provide them. The CONTRACTOR shall furnish evidence of renewal of coverage throughout the term of the Agreement. The COUNTY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
8. **Failure to Procure Coverage** – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to terminate the Agreement. Maintenance of required insurance coverage is a material element of the Agreement and failure to maintain or renew such coverage or to provide evidence of renewal may be treated by COUNTY as a material breach of contract.
9. **Subcontractors** – CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and CONTRACTOR shall ensure that COUNTY is an additional insured on insurance required from subcontractors.

10. **Claims Made Policies** – If any of the required policies provide coverage on a claims-made basis:

- i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
- ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
- iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.

11. **Special Risks or Circumstances** – COUNTY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY.

Indemnification and Insurance Requirements (For Professional Contracts)

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