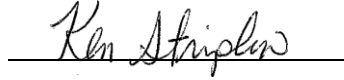


Agenda Item: 10

**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:



DATE: October 28, 2025

SUBJECT: NEEDHAM RANCH OPEN SPACE OIL WELLS PLUGGING AND
ABANDONMENT CONSTRUCTION CONTRACT

DEPARTMENT: Neighborhood Services

PRESENTER: Susan Nelson

RECOMMENDED ACTION

City Council:

1. Award a construction contract to Driltek Inc. for Needham Ranch open space oil wells plugging and abandonment for the total contract amount not to exceed \$1,795,690.
2. Increase revenue account in Miscellaneous Grants 259-462101 (Fund 259) by \$1,100,000 for the grant allocation from the California Department of Conservation.
3. Appropriate one-time grant funds (Fund 259) in the amount of \$1,100,000 to expenditure account P2025259-516101 and appropriate one-time funds in the amount of \$195,690 from Facilities Fund (Fund 723) to expenditure account P2025723-516101.
4. Determine that the project is exempt from additional review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines (14 Cal. Code of Regs. § 15000, et seq.) Section 15301 as a Class 1 Categorical Exemption and Section 15304 as a Class 4 Categorical Exemption.
5. Authorize the City Manager or designee to execute all contracts and associated documents, subject to City Attorney approval.

BACKGROUND

In February 2020, a portion of the Needham Ranch Open Space was dedicated to the City of Santa Clarita (City) by the Needham Ranch Land Company, LLC. The dedication included a 36-acre parcel of open space. As part of the ownership transfer, the City also assumed responsibility for six idle oil wells located on the property.

Oil wells are regulated by the California Department of Conservation Geologic Energy Management Division (CalGEM). Under CalGEM regulations, operators are required to pay Idle Well Fees for wells that are not actively producing oil or natural gas, have not been properly plugged and abandoned, and have remained idle for at least 24 consecutive months. These fees are intended to encourage the timely management and closure of idle wells. Beginning January 2025, new legislation increased the Idle Well Fee from \$1,500 to \$22,500 per well, resulting in a total annual fee of \$135,000 for the six wells on this property. The City was granted a deferment of fees until 2026. However if not plugged, the City would be subject to those fees annually, beginning 2026.

In order to relieve the City of the annual Idle Well Fees, the six oil wells must be plugged and abandoned in accordance with CalGEM regulations. Due to the specialized nature of this work, the City issued a Request for Qualifications (RFQ) on May 6, 2025, resulting in two qualified vendors.

Following the qualification process, the City conducted a Request for Proposals (RFP) to solicit proposals from the pre-qualified firms to perform the plugging and abandonment of the six idle oil wells located within the Needham Ranch Open Space. The RFP was published and circulated via the City's e-procurement system, BidNet, on June 12, 2025. The City transmitted the solicitation to the two pre-qualified vendors on BidNet, both of which downloaded the RFP and submitted proposals for consideration.

These proposals were reviewed and evaluated based on each company's ability to meet the specific needs of the City. An evaluation panel comprised of staff from the Neighborhood Services and Public Works Departments and scored the responses using the following categories of weighted criteria:

- Program Management and Schedule of Work (20 points)
- Staff Composition (20 points)
- Experience on Similar Projects (20 points)
- Cost (40 points)

The evaluation team scored the responses based on a 100-point system, with the results outlined below:

Rank	Company	Location	Points Awarded
1	Excalibur Well Services Corp	Bakersfield, CA	91.2
2	Driltek Inc.	Bakersfield, CA	85.6

In reviewing proposals, the evaluation team awarded the highest score to Excalibur Well Services (91.2 points), followed closely by Driltek Inc. (85.6 points). Both firms demonstrated a strong understanding of the project's technical requirements and provided detailed scopes of work and approaches. While Excalibur achieved a slightly higher evaluation score, the close margin between the two firms justified a further review of cost and risk allocation.

Due to the age and duration of time the wells have been idle, the exact condition of the wells is unknown, creating the potential for unforeseen issues during abandonment activities. These unknown conditions could require modifications to the plugging and abandonment plan and increase the scope of work originally identified. Instead of including a contingency allowance for additional unforeseen work, staff negotiated terms, allowable by California Public Contract Code, that encompass all activities required to obtain a passing letter from CalGEM. This turn-key project approach reduces the City's financial risk and ensures budget predictability by eliminating the exposure to change order requests.

Through discussions with the vendors, Driltek Inc. (Driltek) provided more competitive pricing and guaranteed that the work performed would meet state requirements and be accepted by CalGEM without the need for additional change orders. After careful review, it was determined that Driltek's proposal offered the best overall value to meet the City's oil well plugging and abandonment needs. Driltek presented a comprehensive abandonment plan that fully addressed project objectives and incorporated an analysis of existing site conditions. The proposal demonstrated a clear understanding of potential challenges and provided competitive pricing, providing the best overall balance of technical expertise and cost certainty.

Staff has completed a due-diligence review of Driltek's professional references and determined its work history meets the City's standards and performance expectations. Based on the above, staff recommends awarding the contract to Driltek.

This project was originally funded at \$500,000 through the Fiscal Year 2024-25 budget process. The City later received a grant award of \$1,100,000 from the California Department of Conservation to support the plugging and abandonment of the idle wells. To fully fund the project, an additional appropriation of \$195,690 from the Facilities Fund (Fund 723) is required.

The project is exempt from CEQA under CEQA Guidelines Section 15301, Class 1 Existing Facilities, and Section 15304, Class 4 Minor Alterations to Land. A Class 1 exemption consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures. A Class 4 exemption consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, and scenic trees except for forestry or agricultural purposes. As such, a Notice of Exemption was prepared for this project and is included as an attachment.

ALTERNATIVE ACTION

Other action as determined by City Council.

FISCAL IMPACT

The total costs associated with this item is \$1,795,690. Upon City Council approval of the recommended actions, sufficient funds will be available in Facilities Fund Expenditure Account P2025723-516101 (Fund 723) in the amount of \$695,690 and Miscellaneous Grants (Fund 259) Expenditure Account P2025259-516101 (Fund 259) in the amount of \$1,100,000.

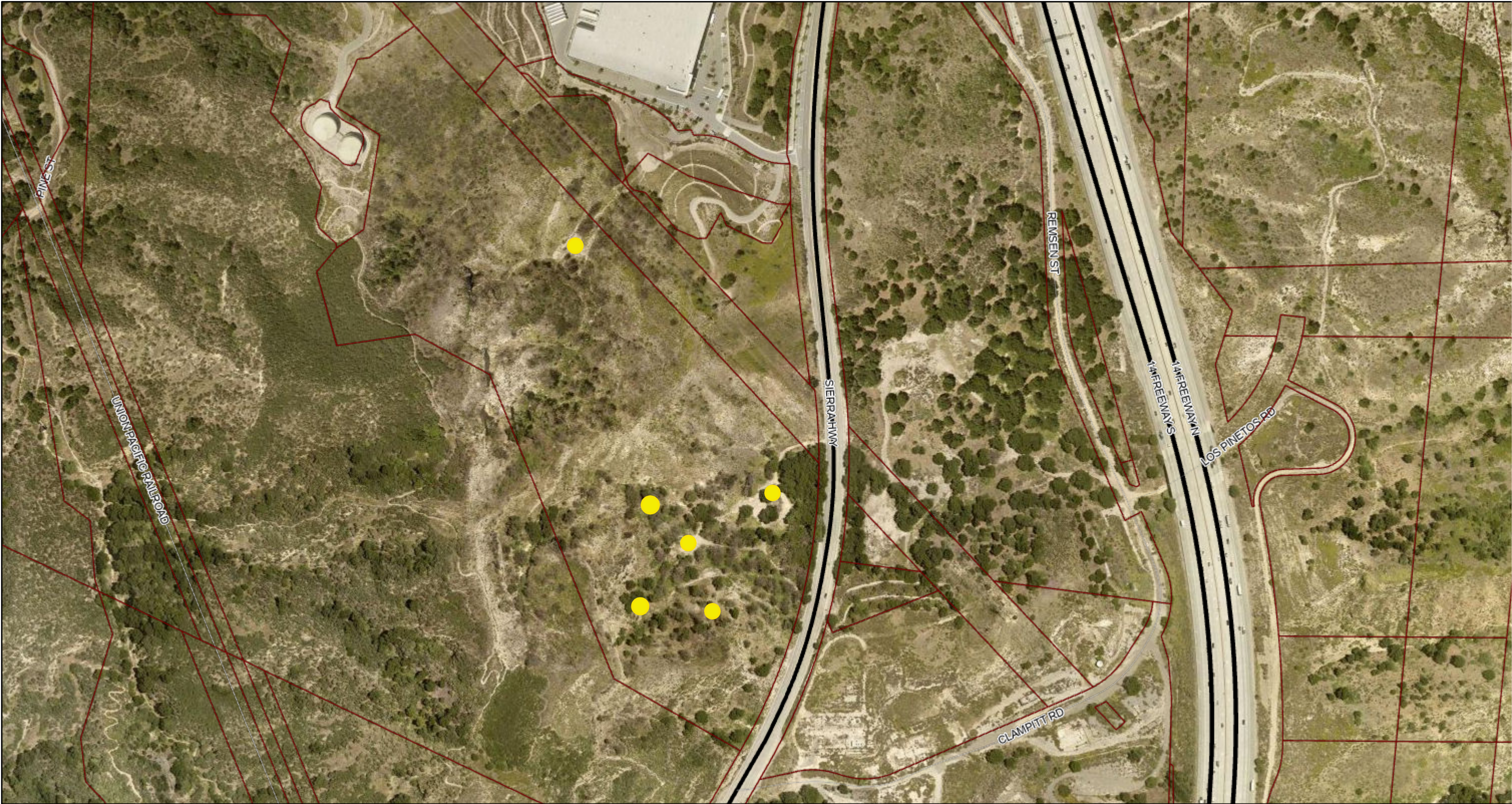
ATTACHMENTS

Needham Ranch Open Space Oil Wells Map

PPOS-24-25-P2025A - Response File for Driltek Inc. (available in the City Clerk's Reading File)

PPOS-24-25-P2025A - Needham Ranch - Revised Proposal - 100325 (available in the City Clerk's Reading File)

Needham Ranch Open Space - Oil Wells



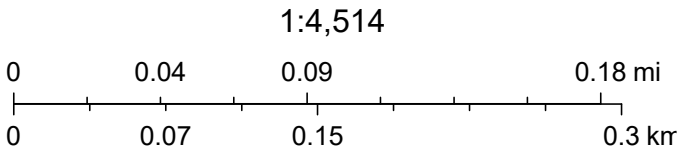
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- Oil Wells
- Parcel Outlines
- Street Centerlines

Freeway
- Primary

Minor
- Railroad

Unpaved



Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, NGA, USGS

Attachment: Needham Ranch Open Space Oil Wells Map (Needham Ranch Open Space Oil Wells Plug and Abandonment - P2025)