

INTERAGENCY COOPERATION CONTRACT
BETWEEN
THE RAILROAD COMMISSION OF TEXAS
AND
TEXAS TECH UNIVERSITY

This Interagency Cooperation Contract ("Contract") is entered into by and between the **Railroad Commission of Texas** ("RRC"), a state agency located at 1701 N. Congress Avenue, Austin, Texas 78701, and **Texas Tech University** ("TTU" or "Performing Agency"), a Texas State Agency and Public Institution of Higher Education located at 2500 Broadway, Lubbock, TX 79409 (individually "Party"; collectively "Parties"), pursuant to the authority granted by and in compliance with the provisions of "The Interagency Cooperation Act," Texas Government Code, Chapter 771 and Texas Utilities Code §104.379.

WHEREAS, the RRC is the state agency that regulates the oil and gas industry, natural gas utilities, pipeline safety, and the natural gas and hazardous liquid pipeline industry, in Texas and has been charged with producing a Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams pursuant to Senate Bill 1, 87th Legislature (General Appropriations Act), Article VI, Railroad Commission Rider 16; and

WHEREAS, the RRC does not have experienced or qualified personnel to produce the required Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams; and

WHEREAS, the RRC has determined that TTU is experienced and well qualified to produce the Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams through Professor Bradley T. Ewing ("Principal Investigator"); and

WHEREAS, the RRC and TTU find that it would be in their mutual best interest to enter into this Contract whereby TTU agrees to complete the Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams for the RRC.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the RRC and TTU agree as follows:

I. CONTRACTING AGENCIES.

- 1.01.** The Railroad Commission of Texas (Receiving Agency)
- 1.02.** Texas Tech University (Performing Agency)

II. STATEMENT OF WORK TO BE PERFORMED.

2.01. SCOPE OF SERVICES. The Performing Agency shall provide research and consulting services ("Research Program") to the RRC and draft a Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams ("Study") pursuant to Senate Bill 1, 87th Legislature (General Appropriations Act), Article VI, Railroad Commission Rider 16. In accordance with the legislation, the Research Program shall conduct a study on revenues deposited into the Oil and Gas Regulation and Cleanup Fund based on its existing fee and fine structure as well as expected revenues going forward through 2025 to:

- i. Review revenue sources of the fund established by [Texas Natural Resources Code Section 81.067\(a\)](#) (hereinafter "the Fund"), as listed in Texas Natural Resources Code Section 81.067(c) with special emphasis placed on fees, well bonding, and fine levels. The breakdown of fees and fines can be

found at [Texas Natural Resources Code Section 81.067](#);

- ii. Review both RRC rules established in the Texas Administrative Code and the statutory caps established in the Natural Resources Code that determine the amount of those fees and fines;
- iii. Assess whether revenue from existing sources is adequate for the solvency of the Fund and the execution of the Fund's legislative purpose as described in Texas Natural Resources Code Section 81.068; and
- iv. Make recommendations about any regulatory or statutory changes needed to assure adequate revenues for the RRC and address revenue fluctuations driven by market conditions, drilling and production activities.

2.02. The manner of performance of the Research Program shall be determined by the Principal Investigator in coordination with, and approved by, RRC. RRC desires that the Study, insomuch as possible, shall be neutral, objective, and focus on providing in-depth discussion, analysis, and solutions as appropriate regarding the four statutory topics listed in section 2.01 above. The manner of Research Program shall adhere to the following general framework:

- i. **Phase I –Initial Research & Project Schedule:** Principal Investigator and team shall make a thorough study of all available resources in order to understand the issues presented in the four topics listed in section 2.01. In this phase, Principal Investigator shall consider the best methodologies for executing the Research Program such as, but not limited to, modeling and case studies from other jurisdictions. The key deliverables in this phase will be: 1) a presentation of findings, based on the initial research; and (2) a proposed Project Schedule with anticipated deliverable due dates and review timelines. At a mutually agreeable time, Principal Investigator and the designated RRC representative will meet to discuss the progress of the initial research. RRC will provide feedback on both deliverables. This phase is scheduled for completion on May 4, 2022. This phase will run concurrently with the following phase.
- ii. **Phase II – Draft Outline:** In this phase, Principal Investigator and team will synthesize the research conducted in Phase I into a detailed outline and/or draft report that addresses each of the four topics listed in Section 2.01. The outline will contain headings, subheadings, and brief descriptions of each major section that will be addressed in the Study. The key deliverable in this phase will be the Outline and/ or draft report which will serve as a guideline for producing the Study. During this phase, communication between the Principal Investigator and RRC is critical and it expected a number of meetings or communications will be needed to discuss comments and any proposed additions, clarifications, expansions, or deletions in content. This phase is scheduled for completion on May 16, 2022 and may run concurrently with parts of the next phase.
- iii. **Phase III – Present Initial Draft:** In this phase, Principal Investigator will submit a rough draft to RRC, substantially complete, and conforming to the approved Outline, that addresses each of the four topics listed in Section 2.01. The key deliverable in this phase will be a rough draft of the Study submitted to RRC for review and comment. RRC will provide in depth written comments on this draft. At a mutually agreeable time within fifteen (15) business days of submission, Principal Investigator and RRC will meet to discuss comments and any proposed additions, clarifications, expansions, or deletions in content. Phase III is scheduled for completion on June 3, 2022.
- iv. **Phase IV – Produce Final Draft:** In this phase, Principal Investigator will consider and integrate any comments or critiques of the Initial Draft submitted by the RRC into a Final Draft for submission. The key deliverable in this phase will be the complete Study in final form. RRC shall review the Final Draft and within fifteen (15) business days of submission and either accept or return the Final Draft to Principal Investigator requesting further clarifications and/or edits. This process shall continue until the parties are mutually satisfied that Phase IV is complete. RRC shall provide notice of final acceptance of the Study in writing to the Principal Investigator. **NOTE: RRC must receive the Final Draft no later than July 8,**

2022, in order to secure required internal agency approvals in advance of presentment to the Legislative Budget Board no later than September 1, 2022 as required by legislation.

- v. **Phase V – Study Administration:** This phase covers any administrative tasks following production and acceptance of the Study by RRC through the end of the Contract Term. Specific tasks under this phase are unknown at this time, but may include, without limitation, assisting RRC with answering questions related to the Study, or presenting the findings to targeted audiences, including but not limited to, the Legislative Budget Bureau.

2.03. RRC understands the Performing Agency may be involved in similar research and consulting services thru other researchers on behalf of itself and others. The Performing Agency shall be free to continue such research and consulting services provided that it is conducted separately from the Research Program and RRC shall not gain any rights via this Contract to other research

2.04. Time is of the essence in the performance of this Contract. The Performing Agency shall strictly comply with all deadlines, requirements, and standards of performance for this Contract and in execution of the work. Performing Agency acknowledges and accepts all time limits will be strictly construed and rigidly enforced.

2.05. Pursuant to Texas Government Code §771.006, Performing Agency is authorized to subcontract and purchase the services necessary to complete the Research Program, subject to review and approval of subcontractors by the RRC. Any subcontractors providing service under the Contract shall have the same level of experience and expertise as the Principal Investigator, as solely determined by RRC. No subcontract under the Contract shall relieve the Performing Agency of responsibility for delivery of the services required under the Research Program.

2.06. Principle Investigator shall carefully supervise all persons, including but not limited to, graduate research students, if any, involved in the Research Project to ensure compliance with this Contract.

III. CONSIDERATION.

3.01. CONTRACT AMOUNT. As consideration for TTU's performance, RRC agrees to pay TTU an amount not-to-exceed the sum of **Sixty-Eight Thousand Two Hundred Fifty-One Dollars and Zero Cents (\$68,251.00)** for providing the research and consulting services required to fulfil the initial term of this Contract.

IV. BASIS FOR COMPUTING REIMBURSABLE COSTS.

4.01. REIMBURSABLE COSTS. Expenditures shall be reimbursed on a cost-reimbursable basis in accordance with the budget attached hereto as *Attachment A: Proposed Budget*. Reimbursable costs may include travel expense which shall be paid in accordance with state travel and per diem requirements as administered by the Comptroller of Public Accounts in accordance with Chapter 660 of the Texas Government Code and other state law for actual costs incurred. It is not foreseen that travel expenses will be incurred under this Contract, and any such expenses must be approved by RRC in advance.

V. PAYMENT FOR SERVICES.

5.01 PAYMENT. Payments shall be made by the Receiving Agency on a cost-reimbursable basis upon receipt of monthly invoice from the Performing Agency for actual expenditures. Payments under this IAC are due within thirty (30) days from receipt of invoice through the Interagency Transaction Voucher ("ITV") process, in accordance with § 771.008 of the Texas Government Code.

5.02. PAYMENT METHOD. ITV INFORMATION. The FY22 RTI is 223842. The Vendor Number is 3733733733, The Mail Code is 001. This information shall be provided at a later date in accordance with regulations established by the Comptroller of Public Accounts.

VI. TERM OF CONTRACT.

6.01. TERM. This Contract shall be effective upon the date of the last Party's signature to the Contract and shall continue through August 31, 2023..., unless terminated earlier by either party, as provided in Section 6.02 set forth below.

6.02. EARLY TERMINATION. Either party may terminate this Contract, with or without cause at their sole discretion, upon forty-five (45) days prior written notice to the other. Upon receipt of notice of early termination, RRC shall cancel, withdraw, or otherwise terminate outstanding orders which relate to the performance of this Contract and shall otherwise cease to incur any future costs under this Contract. Early termination will be subject to an equitable settlement of the respective interests of the parties accrued up to the date of termination, including but not limited to payment for all work satisfactorily performed up to the effective date of termination. If this Contract is terminated for any reason, neither party shall be liable for any damages, claims, or losses, or any other amounts arising from or related to any such termination. If TTU elects to terminate this Contract early, it shall separately notify the Legislative Budget Board in writing of its decision to terminate this Contract and its rationale for doing so.

6.03. AMENDMENT. Performing Agency shall maintain an ongoing relationship with the RRC during the Contract Term and will collaborate with the RRC on any modifications that may be necessary to the Services to meet the objectives of the Contract. A change may not be made to the Services except by written request signed by the RRC and Performing Agency (an "Amendment"). Each Amendment shall be sequentially numbered and deemed to automatically incorporate the terms of this Contract to the extent not in conflict with the Amendment terms. Any alterations, additions, or deletions to the terms of this Contract shall be by an Amendment, in writing and executed by both Parties to this Contract. Costs not included and pre-approved by the RRC shall not be eligible for reimbursement.

VII. FUNDING.

7.01. NO DEBT. This Contract shall not be construed as creating any debt on behalf of the State of Texas and/or RRC and/or the Performing Agency in violation of TEX. CONST. art. III, § 49. In compliance with TEX. CONST. art. VIII, § 6, it is understood that all obligations of RRC hereunder are subject to the availability of state funds. If such funds are not appropriated or become unavailable, this Contract may be terminated. In that event, the parties shall be discharged from further obligations, subject to the equitable settlement of their respective interests accrued up to the date of termination.

VIII. CLAIMS

8.01. Both parties agree that upon receipt of a notice of claim or action arising out of the Research Program, the party receiving such notice will notify the other party promptly. RRC agrees, to jointly coordinate any defense against any actions brought or filed against TTU, System, their Regents, officers, agents and/or employees with respect to the services provided to RRC under this Contract, whether such claims or actions are rightfully brought or filed; and subject to the statutory duty of The Texas Attorney General.

IV. FORCE MAJEURE.

9.01. FORCE MAJEURE. Except as otherwise provided, neither RRC nor TTU is liable to the other for any delay in, or failure of performance, of a requirement contained in this Contract caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed, provided the non-performing party exercises all reasonable due diligence to

perform. Force majeure is defined as acts of God, war, strike, fires, explosions, pandemics, or other causes that are beyond the reasonable control of either party and that by exercise or due foresight, such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party must inform the other in writing with proof of receipt within three (3) business days of the existence of such force majeure.

X. MISCELLANEOUS PROVISIONS.

10.01. INCORPORATION BY REFERENCE. Incorporated by reference the same as if specifically written herein are the rules, regulations, and all other requirements imposed by law, including but not limited to compliance with those applicable rules and regulations of the State of Texas and the federal government, all of which shall apply to the performance of the services under this Contract.

10.02. GOVERNING LAW AND VENUE. This Contract shall be governed and construed in accordance with the laws of the State of Texas. **VENUE OF ANY SUIT BROUGHT FORBREACH OF THIS CONTRACT SHALL BE FIXED IN ANY COURT OF COMPETENT JURISDICTION IN TRAVIS COUNTY, TEXAS; provided, however, the foregoing shall not be construed as a waiver of sovereign immunity by either party.**

10.03. DISPUTE RESOLUTION. The parties agree to use good-faith efforts to decide all questions, difficulties, or disputes of any nature that may arise under or by this Contract; provided however, nothing in this paragraph shall preclude either party from pursuing any remedies as may be available under Texas law.

10.04. SEVERANCE. Should any one or more provisions of this Contract be held to be void, voidable, or for any reason whatsoever of no force and effect, such provision(s) shall be construed as severable from the remainder of this Contract and shall not affect the validity of all other provisions of this Contract, which shall remain of full force and effect.

10.05. HEADINGS. The headings contained in this Contract are for reference purposes only and shall not in any way affect the meaning or interpretation of this Contract.

10.06. NOTICES. Any notice required or permitted to be delivered under this Contract shall be deemed delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to RRC or TTU at the addresses set forth below:

For RRC:	<u>Railroad Commission of Texas</u> <u>Operations Division – Contract Management</u> <u>P.O. Box 12967</u> <u>Austin, Texas 78711-2967</u> <u>Attention: Theresa Lopez, Director of Procurement and</u> <u>Contracts</u> <u>Phone: 512-463-6953</u> <u>Email: Theresa.Lopez@rrc.texas.gov</u>
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For Vendor:	<u>Texas Tech University</u> <u>2625 Memorial Circle-Admin 349</u> <u>P.O. Box 41035</u> <u>Attention: Cui Romo, J.D.*, CRA</u> <u>Phone: 806-742-3884</u> <u>Email: ors.awardservices@ttu.edu</u>
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Notice given in any other manner shall be deemed effective only when received by the party to be notified. Either party may change its address for notice by written notice to the other party as provided herein.

XI. ACCESS TO PUBLIC INFORMATION.

11.01. TTU is required to make any information created or exchanged with RRC pursuant to this Contract, and not otherwise excepted from disclosure under the Texas Public Information Act, available in PDF or other format that is accessible by the public at no additional charge to RRC.

11.02. During the course of the work and/or services to be provided under this Contract, TTU may come in contact with confidential information of RRC. TTU agrees to, subject to applicable law and limitation, treat as confidential the information or knowledge that becomes known to TTU during performance of this Contract and not to use, copy, or disclose such information to any third party unless authorized in writing by RRC or in accordance with applicable law. If confidential information is in written or electronic form, RRC shall label or stamp the materials with the word "Confidential". If Confidential Information is disclosed in oral form, RRC will thereafter summarize it in writing, mark it "Confidential", and transmit it to TTU within thirty (30) days of the oral disclosure. This provision does not restrict the disclosure of any information that is required to be disclosed under applicable law. The term "Confidential Information" does not include information that: (a) is now, or hereafter becomes, through no act or failure to act on the part of the receiving party, generally known or available to the public; (b) is known by the receiving party at the time of receiving such information, as evidenced by its written records; (c) is hereafter furnished to the receiving party by a third party, as a matter of right and without restriction on disclosure; (d) is independently developed by the receiving party without any breach of this Agreement; or (e) is the subject of a written permission to disclose provided by the disclosing party. TTU shall promptly notify RRC of any misuse or unauthorized disclosure of its confidential information and upon expiration of this Contract shall return to RRC all confidential information in TTU's possession or control. TTU shall further comply with all the RRC's applicable information security policies.

XII. GENERAL PROVISIONS.

12.01. Both Parties are state agencies whose authority and appropriations are subject to actions of the Texas Legislature. If either Party becomes subject to a legislative change, revocation of statutory authority, or lack of appropriated funds which would render either Party's delivery or performance under the Contract impossible or unnecessary, the Contract will be terminated or cancelled and be deemed null and void. In the event of a termination or cancellation under this section, neither party will be liable to the other party for any damages, which are caused or associated with such termination or cancellation. The party terminating or cancelling under this section shall not be required to provide advance notice.

12.02. The Parties do hereby certify that (1) the services specified above are necessary and essential for activities that are properly within the statutory functions and programs of the effected agencies of State Government, (2) the proposed arrangements serve the interest of efficient and economical administration of the State Government, and (3) the services, supplies or materials contracted for are not required by Section 21 of Article 16 of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.

12.03. RRC certifies that it has the authority to contract for the above services by authority granted in Tex. Gov. Code Ann., Chapter 771.

12.04. TTU certifies that it has the authority to perform the services contracted for by authority granted in Tex. Gov. Code Ann., Chapter 771.

12.05. Neither party may assign its rights or obligations under this Contract without the prior written

consent of the other party hereto.

12.06. This Contract contains all of the agreements of the parties hereto, and no verbal or written agreement shall have any force or effect if not contained herein.

12.07. Both parties certify that each is presently and at all times shall comply with all applicable state and federal laws governing or otherwise relating to this Contract.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Contract to be effective as of the date of the last Party's signature hereto. By signatures below, each signatory represents and warrants that they have the authority to execute the Contract on behalf of the respective Party.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:
By: Wei Wang
Wei Wang, 14300E7878B01444...
Executive Director

Date of Execution: 3/6/2022

TEXAS TECH UNIVERSITY

DocuSigned by:
By: Cui Romo
Cui Romo, J.D., CRA
Senior Director

Date of Execution: 3/3/2022

RRC use only below this line.

Div. Director: ^{DS} [Signature]

CM COO: ^{DS} [Signature]

Director of Procurement & Contracts: ^{DS} [Signature]

OGC: ^{DS} [Signature]