



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

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March 1, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the North Strip Oil Operating Area (OOA) Joint Use Agreement between the City of Long Beach (City), as West Wilmington Unit Operator, and Ultramar, Inc. for a ten-year term. (District 1)

DISCUSSION

The subject area, located immediately north of the Valero Wilmington Refinery tank farm and approximately 160 feet south of Anaheim Street, is reserved as an OOA for current and future oil operations under control of the City, as Unit Operator, in accordance with the Fault Blocks II and III Unit Agreements. Ultramar, Inc. (Ultramar), owner of the Valero Wilmington Refinery, proposes to pave, light, and fence the property at their expense for controlled access employee parking without interfering with oil operations. Ultramar is attempting to meet a March 1, 2005, deadline to comply with Homeland Security Act requirements for enhanced security at refinery sites. The major provisions of this Joint Use Agreement are as follows:

- The North Strip OOA Joint Use Agreement is effective for a rent-free term of ten years, commencing March 1, 2005, or upon six months notice prior to termination of the Fault Block Unit Agreement or redevelopment of the area by the Harbor Department;
- The City will allow Ultramar to use and maintain the area free of charge for restricted employee parking and as a turnaround space for trucks loading at the Refinery;
- Ultramar will pave and light a significant portion of the area entirely at its expense. Paving will have the benefit of improved dust control for the area and help the City comply with South Coast Air Quality Management District Rule 403;
- Ultramar will install fencing at its expense along the north side of the area;
- Ultramar will not impede the City or its Field Contractor from accessing existing wells, equipment and facilities, or from adding additional wells, equipment, and facilities in the area; and
- Ultramar will hold harmless the City and its Field Contractor for any losses or damages to either Unit or Valero property in the joint use area.

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This item was reviewed by Deputy City Attorney Charles Parkin on February 15, 2005 and by Budget Management Officer David Wodynski on February 16, 2005.

TIMING CONSIDERATIONS

City Council action on this matter is requested on March 1, 2005.

FISCAL IMPACT

Approval of the North Strip OOA Joint Use Agreement has no fiscal impact on the City.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF OIL PROPERTIES

CJG:DGS
LEG 620.002

APPROVED:



GERALD R. MILLER
CITY MANAGER