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November 9, 2004

HONORABLE MAYOR AND CITY COUNCILMEMBERS
City of Long Beach
CALIFORNIA

RE: Authority to Accept Payment of \$60,913 as Settlement of a Claim by City of Long Beach for Unpaid Royalty on Natural Gas Revenues

Signal Hill Petroleum is the operator of the Signal Hill West Unit. The City of Long Beach holds a royalty interest in the Signal Hill West Unit. As a royalty interest owner, the City is entitled to a share of the revenue from the Signal Hill West Unit. Based on the revenue reported by the operator, the City has determined that \$60,913 is owed to the City for unpaid royalty on natural gas revenues attributable to the Signal Hill West Unit. Signal Hill Petroleum has offered to pay this amount to fully settle this claim for the period of 2000 to June 2004.

The proposed settlement was presented to the Economic Development and Finance Committee on October 19, 2004 and was approved on that date. We therefore ask authority to accept the sum of \$60,913 in full settlement of this claim.

ROBERT E. SHANNON, City Attorney

By *Charles Parkin*
J. Charles Parkin, Deputy City Attorney

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