



July 10, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the First Amendment to the Facilities Sharing Agreement between the City of Long Beach, as Unit Operator of the West Wilmington oil operations, and Occidental Petroleum Long Beach, Inc., as owner of the Pico oil operations. (Districts 1 and 2)

DISCUSSION

On February 8, 2011, the City Council authorized the City Manager to enter into a Facilities Sharing Agreement between the City of Long Beach (City) and Occidental Petroleum Long Beach, Inc. (OLBI), to process gas, water, and oil from the Pico oil operations (Pico) site and return pressurized water for injection.

The facilities of Pico are located between the 710 freeway and the Los Angeles River, north of Ocean Boulevard on Los Angeles County flood control property. The wells are drilled easterly into the Wilmington Oil Field, but are not part of the oil operations the City controls as Unit Operator.

The current Facilities Sharing Agreement covers oil production process/injection services and materials, and includes dehydration, water clarification, oil shipping, gas processing, makeup water, electricity, field labor, and field supervision. This Amendment would expand the Agreement to add oil field waste treatment disposal. OLBI will cover additional costs associated with the amended contract, resulting in a small revenue increase to the City.

This matter was reviewed by Deputy City Attorney Richard Anthony on June 14, 2012 and by Budget Management Officer Victoria Bell on June 15, 2012.

HONORABLE MAYOR AND CITY COUNCIL
July 10, 2012
Page 2

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

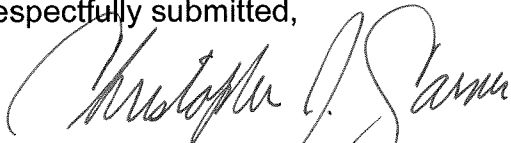
FISCAL IMPACT

As a result of the Amendment, the City will realize approximately \$40,000 per year in the Uplands Oil Fund (SR 134) starting in FY 13. This amount will be included in the FY 13 Proposed Budget. There is no impact to local jobs associated with this request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

APPROVED:



PATRICK H. WEST
CITY MANAGER