



Legislation Text

File #: 06-1093, **Version:** 1

Recommendation to authorize City Manager to execute an agreement with THUMS Long Beach Company for the delivery of locally-produced natural gas. (Citywide)

The City of Long Beach, Long Beach Gas and Oil Department (LBGO) currently has Agreements for the delivery of natural gas with the five local gas producers identified below. The local producers provide approximately 5 percent of the City's gas supply and are all paid pursuant to Southern California Gas Company's (SoCalGas) published core procurement price. All of the Agreements expire on December 31, 2010.

Breitburn
Sampson Oil Company
Signal Hill Petroleum
Termo Company
TOPKO (Pier S)

THUMS Long Beach Company (THUMS) has new local gas production of approximately 2,000 Million Cubic Feet (MCF) per day with a probable increase to 4,000 MCF per day in 2007, which LBGO is prepared to accept. THUMS' additional local gas delivery will supplement LBGO's local gas deliveries and long-term gas supply agreements. Alan Lowenthal, California State Senate, 21st District, co-sponsored bill ABX2-27 in 2001, which allowed for the production and exploration of additional gas reserves in the Long Beach Unit. The bill allowed for a collaborative effort to take place between the State of California, City of Long Beach, and THUMS Long Beach Company/Oxy Long Beach, Inc., resulting in this additional gas production.

This additional gas supply will be delivered to LBGO at the SoCalGas published core procurement price.

This matter was reviewed by Deputy City Attorney Richard Anthony on October 6, 2006 and by Budget Management Officer David Wodynski on October 9, 2006.

City Council action is requested on October 24, 2006, to begin local gas delivery in mid-November. The term of the agreement will commence November 15, 2006 and conclude on December 31, 2010.

The cost of this local gas supply is budgeted in the Long Beach Gas and Oil Department (EN) and the Gas Fund (EF 301).

Approve recommendation.

NAME Christopher J. Garner
TITLE Director, Long Beach Gas and Oil

APPROVED:

GERALD R. MILLER
CITY MANAGER