



CHRISTOPHER J. GARNER
DIRECTOR

211 EAST OCEAN BLVD., SUITE 500 • LONG BEACH, CA 90802
(562) 570-3900 • FAX (562) 570-3922

DEPARTMENT

OIL OPERATIONS • OIL PRODUCTION / SUBSIDENCE

November 18, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an Amendment to the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit that allows for enhanced oil recovery methods other than water injection. (Districts 1, 2 and 3)

DISCUSSION

The City of Long Beach (City), in its capacity as Unit Operator for the Long Beach Unit (Unit), desires to enter into an Amendment to the Agreement for Implementation of an Optimized Waterflood Program (OWPA) with Occidental Long Beach, Inc. (OLBI), and the State of California - State Lands Commission (SLC). The City, SLC and OLBI entered into the OWPA on November 5, 1991. The OWPA currently limits the injection of fluid into the oil field to a waterflood, water-alternating-hydrocarbon gas injection or other similar recovery methods. Pursuant to California State Chapter 446 of the Statutes of 2008, OLBI, as contractor for the City, may use any means of enhanced oil recovery consistent with good oil field practice to develop additional oil reserves. The California Division of Oil, Gas, and Geothermal Resources and the City must approve all enhanced recovery methods.

The Amendment to the OWPA allows for additional approved methods of enhanced oil recovery in the Unit.

This item was reviewed by Deputy City Attorney Richard Anthony and Budget Management Officer Victoria Bell on October 29, 2008.

TIMING CONSIDERATIONS

City Council action on this matter is requested on November 18, 2008 so that the SLC can consider the Amendment to the OWPA at its next scheduled meeting on December 3, 2008.

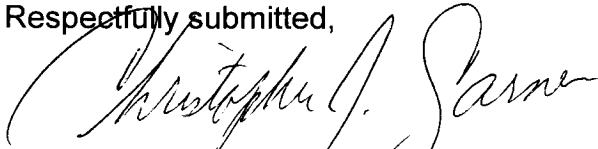
FISCAL IMPACT

Approval of the Amendment to the OWPA will have no immediate fiscal impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:cph

APPROVED:


PATRICK H. WEST
CITY MANAGER