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July 6, 2004

HONORABLE MAYOR AND CITY COUNCILMEMBERS
City of Long Beach
CALIFORNIA

RE: Authority to Accept Payment of \$188,354 as Settlement of a Claim by City of Long Beach for Pipeline Fees and Penalties and Authorize City Manager to Execute Assignment Consent Agreement with Paramount Petroleum

Paramount Petroleum is a going corporation doing business in the City of Long Beach. As a part of their operation, it uses pipelines to help in the processing of crude oil. This request deals with a pipeline formerly owned by Cenco, Inc. which owes the City approximately \$314,000 in pipeline fees and penalties.

Cenco is a dormant corporation who have not paid their pipeline fees and accumulated penalties. Paramount Petroleum has offered to pay to the City of Long Beach the sum of \$188,354 in order to obtain the City's consent to the transfer of ownership from Cenco, Inc. to Paramount Petroleum. If consent is granted to Paramount Petroleum, Paramount as a ongoing corporation, has the ability to stay current with City pipeline fees.

We therefore request authority to accept the sum of \$188,354 in full settlement of this claim and authorize the City Manager to execute Assignment Consent Agreement with Paramount Petroleum.

ROBERT E. SHANNON, City Attorney

By

J. Charles Parkin, Deputy City Attorney

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