

**NINTH AMENDMENT TO THE LONG BEACH HARBOR
TIDELANDS PARCEL AND PARCEL "A" OIL CONTRACT
20596**

Effective March 1, 1989, the City of Long Beach entered into the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract ("Tidelands Contract") with several entities that comprised the Contractor. As a result of several assignments, the current Contractor is Tidelands Oil Production Company, a general partnership, 75% of which is owned by OXY Tidelands, Inc. and 25% of which is owned by OXY Wilmington, LLC. OXY Tidelands' and OXY Wilmington's performance under the Tidelands Contract is guaranteed by Occidental Oil and Gas Holding Corporation. The Tidelands Contract has been amended eight times since its inception.

Section 18.3 of the Tidelands Contract provides the method for valuing for the purpose of computing net profits the crude oil that the Contractor is required to take and account for. The oil is valued currently by using the daily average of the prices posted in five California oil fields, the Wilmington, Huntington Beach, Long Beach, Inglewood and Midway Sunset oil fields, by companies either named or meeting specified qualifications. The number of price postings in the Wilmington, Huntington Beach, Long Beach and Inglewood oil fields has decreased significantly. More companies post in the Midway-Sunset oil field, indicating more competition in Midway Sunset than in the other fields. In addition, replacing the use of daily average posted prices with monthly average posted prices will provide more stability to the valuation by reducing short term price fluctuations.

Therefore, in order to provide for the use of the monthly average of the prices posted in the Midway Sunset oil field by the named companies or companies meeting specified

qualifications, the City and the Contractor agree to amend Section 18.3 of the Tidelands Contract to read:

“18.3. All oil shall be valued, accounted for and paid for at the arithmetic average of the prices posted in the Midway Sunset oil fields by Union 76, Chevron, ExxonMobil Corporation, Shell Trading US and any other person, firm or corporation operating a refinery in California with a throughput capacity of at least thirty thousand (30,000) barrels per day, for oil of like gravity during the month the oil is run into the Contractor’s tanks and/or pipelines. The value shall be computed to the closest tenth of each degree of API gravity and the closest tenth of a cent per barrel.

“If the Contractor or any person, firm or corporation comprising the Contractor sells, exchanges or otherwise disposes of any of the oil taken by it under this agreement to a third party at a price or other consideration that is more than the average of the prices posted in the Midway Sunset oil field by the posters named above, it shall add to its next monthly payment to the City fifty percent (50%) of the difference between this greater amount and the average of the prices posted in the Midway Sunset oil field by the posters named above for the oil so sold, exchanged or otherwise disposed of. This difference shall not be used in computing Net Profits.

“If the Contractor or any person, firm or corporation comprising the Contractor sells, exchanges or otherwise disposes of any of the oil taken by it under this agreement to any person, firm or corporation other than a person, firm or corporation comprising the Contractor, at a price or other consideration that is less than the average of the prices posted in the Midway Sunset oil field by the posters named above, it shall

deduct from its monthly payment to the City fifty percent (50%) of the difference between this lesser amount and the average of prices posted the Midway Sunset oil field by the posters named above, for the oil so sold, exchanged or otherwise disposed of. This difference shall not be used in computed Net Profits. In the event that a Net Profits payment is not due in the following month, these deductions may accumulate and be deducted when a net profits payment is due.

“Whenever there are not at least two (2) different posters among all the companies posting in the Midway Sunset oil field, the Contractor, the City and the Commission may renegotiate this subsection 18.3 to provide another method of valuating the oil in light of these changed circumstances.

“All agreements made by the Contractor or any person, firm or corporation comprising the Contractor for the sale, exchange or other disposition of the oil taken under this agreement shall be in good faith, arm’s length agreements. Copies of all such agreements shall be furnished to the City when they are made. The agreements shall reflect the total understanding of the parties, shall show the entire consideration passing among the parties and their affiliates and shall be unrelated to any other agreements among the parties and their affiliates. The City or its authorized representatives shall be permitted at all reasonable times to examine the records of the Contractor and any person, firm or corporation comprising the Contractor for the purpose of verifying that the agreement is a good faith, arm’s length agreement and fully discloses the understanding of and consideration passing among the parties and their affiliates. Notwithstanding any other provision of this agreement, the failure of the Contractor or any person, firm or corporation comprising the Contractor to disclose fully to the City all

delivery for not less than twelve (12) consecutive months and in effect in the month in which the election to take all of the oil is made or (c) the arithmetical average of the prices posted in the Midway Sunset oil fields by Union 76, Chevron, Exxon Mobil Corporation, Shell Trading US and any other person, firm or corporation operating a refinery in California with a throughput capacity of at least thirty thousand (30,000) barrels per day, for oil like gravity during the month the oil is run into the Contractor's tanks and/or pipelines. (a) and (b) shall be referred to as the City sales and (c) shall be referred to as the Midway Sunset field average. The value of the oil shall be computed to the closest tenth of each degree of API gravity and the closest tenth of a cent per barrel. The Contractor, however, shall pay to the City a price for the oil equal to the value of the City sales less (50%) of the difference between the value of the City sales and the Midway Sunset field average or the Midway Sunset field average, whichever is higher. This difference, if any, shall not be used in computing Net Profits.

“All assigned oil shall be taken in the manner prescribed in the provision of the applicable Unit Agreement and/or Unit Operating Agreement.”


This Ninth Amendment shall be effective July 1, 2008.

This Ninth Amendment may be executed in counterpart copies, and each executed counterpart copy shall have the same force and effect as an original and shall be enforceable to the same extent as if all parties had executed the same.

Dated: 8.12.09

THE CITY OF LONG BEACH, a municipal corporation

APPROVED AS TO FORM
8-6, 2009
ROBERT E. SHANNON, City Attorney
3y Charles Parki
PRINCIPAL DEPUTY CITY ATTORNEY

By  Assistant City Manager
EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

Dated: 8/5/09

OXY TIDELANDS, INC., a Delaware corporation

By 

Dated: 8/5/09

OXY WILMINGTON, LLC, a Delaware limited liability company

By 

Dated: 8/5/09

OCCIDENTAL OIL AND GAS HOLDING CORPORATION,
a Delaware corporation

By 

This Ninth Amendment to the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract was approved by the California State Lands Commission at its meeting of

December 3, 2008.

Dated: 9/15/09

Paul Thayer

EXECUTIVE OFFICER