

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 SECOND AMENDMENT TO PRODUCED WATER AGREEMENT
2 **32869**

3 This Second Amendment to Produced Water Agreement is made and
4 entered, in triplicate, as of July 26, 2012, pursuant to a minute order adopted
5 by the City Council of the City of Long Beach at its meeting held on October 4, 2011, by
6 and among:

7 **CITY OF LONG BEACH**, a municipal corporation, acting in its capacity as
8 Unit Operator for Unit Segments I and II, under the Unit Agreements, Fault
9 Blocks II, III, IV and V Ranger Zone Units and as operator of certain
10 Ununitized formations in the Wilmington Oil Field, hereinafter collectively
11 referred to as "City";

12 **TIDELANDS OIL PRODUCTION COMPANY**, a Texas general partnership,
13 hereinafter referred to as "Tidelands";

14 AND

15 **OIL OPERATORS, INC.**, a California corporation, hereinafter referred to as
16 "Oil Operators";

17 **RECITALS**

18 This Second Amendment to Produced Water Agreement ("Amendment") is
19 made and entered into with respect to the following facts and objectives:

20 (A) The parties hereto entered into that certain Produced Water
21 Agreement, effective September 24, 2001 (as the same has previously been amended,
22 the "Agreement"), pursuant to a minute order adopted by the City Council of the City of
23 Long Beach at its meeting held on August 28, 2001, and have each duly performed
24 pursuant to the terms thereof.

25 (B) The parties entered into that certain First Amendment to Agreement
26 for the Delivery of Produced Water From Oil Operators, dated August 25, 2006, which,
27 among other things, extended the term of the Agreement to August 25, 2013.

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1 (C) Oil Operators plans to make significant capital improvements to its
2 pipelines and desires to secure the Agreement for an extended term of seven (7) years
3 from the current expiration date of the Agreement.

4 NOW, THEREFORE, the parties mutually agree as follows:

5 1. Section 1 of the Agreement is hereby amended in its entirety to read
6 as follows:

7 "1. TERM. This Agreement shall continue to be effective, and remain in
8 effect until August 25, 2020. This Agreement can thereafter be renewed for successive
9 one (1) year terms upon the written consent of each of the parties. All such renewals
10 shall be on the same terms and conditions as contained in this Agreement."

11 2. Except as specifically amended by this Second Amendment, all
12 terms and conditions of the Agreement are ratified and confirmed and shall remain in full
13 force and effect.

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1 This Second Amendment to Agreement is executed on the dates set forth
2 opposite each of the respective signatures.

3 2676 Orange Avenue
4 Signal Hill, California 90755
5 Attn: Manager

OIL OPERATORS, INC., a California corporation

6 June 20, 2012

By: [Signature]
Its: President

7 301 East Ocean Boulevard, Suite 300
8 Long Beach, California 90802
9 Attn: Charlie Plant, Operations Manager

TIDELANDS OIL PRODUCTION COMPANY, a Texas general partnership

10 June 26, 2012

By: [Signature]
Its: V.P. Operations **BAZ**

12 333 West Ocean Blvd.
13 Long Beach, California 90802
14 Attn: City Manager

CITY OF LONG BEACH, a municipal corporation, acting in its capacity as Unit Operator for Unit Segments I and II, under the Unit Agreements, Fault Blocks II, III, IV and V Ranger Zone Units and as Operator of certain Ununitized formations in the Wilmington Oil Field

16 7-26, 2012

By: [Signature] **Assistant City Manager**
City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER. EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

19 The foregoing Second Amendment to Agreement for the Delivery of
20 Produced Water from Oil Operators, Inc., is hereby approved as for form this 3 day of
21 July, 2012.

22 ROBERT E. SHANNON, City Attorney

23 By: [Signature]
24 Deputy