



CHRISTOPHER J. GARNER
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DEPARTMENT
January 24, 2006

OIL OPERATIONS · OIL PRODUCTION / SUBSIDENCE

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Approve the assignment of the Amended and Restated Field Contractor Agreement and associated agreements (Harbor Department – Segment II) from Paramount Petroleum Corporation and Chanse Long Beach Production Corporation to Occidental Petroleum Corporation and authorize the City Manager to execute the Assignment Consent Agreement.
2. Approve the assignment of the Long Beach Harbor Tidelands Parcel and Parcel “A” Oil Contract and associated agreements (Segment I), subject to the approval of and under such conditions as are imposed by the California State Lands Commission, from Paramount Petroleum Corporation and Chanse Long Beach Production Corporation to Occidental Petroleum Corporation and authorize the City Manager to execute the Assignment Consent Agreement.
3. Approve the assignment of the Amended and Restated Field Contractor Agreement and associated agreements (City – Segment II) from Paramount Petroleum Corporation and Chanse Long Beach Production Corporation to Occidental Petroleum Corporation and authorize the City Manager to execute the Assignment Consent Agreement. (District 1)

DISCUSSION

Tidelands Oil Production Company (Tidelands), a general partnership of Paramount Petroleum Corporation (Paramount) and Chanse Long Beach Production Corporation (Chanse), is the Contractor to the Amended and Restated Field Contractor Agreement (Harbor Department – Segment II) as approved by the City Council on November 4, 2003, the Long Beach Harbor Tidelands Parcel and Parcel “A” Oil Contract (Segment I) as approved by City Council on February 18, 2003, and the Amended and Restated Field Contractor Agreement (City – Segment II) as approved by the City Council on September 1, 1994.

Occidental Petroleum Corporation (Oxy) has negotiated with Paramount and Chanse to assume both of their respective interests in the ownership of Tidelands.

HONORABLE MAYOR AND CITY COUNCIL
January 24, 2006
Page 2

This item was reviewed by Deputy City Attorney J. Charles Parkin and Budget Management Officer David Wodynski on January 18, 2006.

TIMING CONSIDERATIONS

City Council action on this matter is requested on January 24, 2006 so that the California State Lands Commission can consider the assignment of the interests of Tidelands to Oxy at its next scheduled meeting on February 9, 2006.

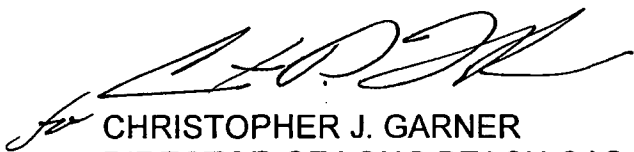
FISCAL IMPACT

Approval of the assignment and authorization to execute the Assignment Consent Agreements allows for continued operation of the western portion of the Wilmington Oil Field. Currently the western portion of the Wilmington Oil Field generates over \$4.5 million to the General Fund from well fees, oil barrel tax, utility user tax, administrative overhead, and the City's proprietary interest.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:CPH

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER