

CITY ATTORNEY  
Long Beach, California 90802

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FOURTH AGREEMENT AMENDING  
RECREATION PARK OIL AND GAS LEASE

THIS FOURTH AGREEMENT AMENDING LEASE is made and entered into this 27th day of April, 1979, pursuant to Minute Order adopted by the Long Beach City Council at its meeting held on the 3rd day of April, 1979, by and between the CITY OF LONG BEACH, a municipal corporation, and ALAMITOS LAND COMPANY, a California corporation, hereinafter referred to collectively as "LESSORS", and HERBELL OIL EXPLORATION COMPANY, a limited partnership, hereinafter referred to as "LESSEE".

WHEREAS, under date of September 6, 1962, City of Long Beach and Alamitos Land Company, as Lessors, and J. A. Campbell, H. H. Herder and Herbell Oil Exploration Company, a general partnership, as Lessee, entered into that certain Recreation Park Oil and Gas Lease, hereinafter referred to as "said Lease".

By assignment, dated September 6, 1962, all right, title and interest of J. A. Campbell, H. H. Herder and Herbell Oil Exploration Company, a general partnership, the Lessee in said Lease was assigned, transferred and conveyed to Herbell Oil Exploration Company, a limited partnership formed under the laws of the State of California, by a limited partnership agreement made and entered into as of the 6th day of September, 1962, and William P. Herder and H. H. Herder are

1 now the general partners in said limited partnership.

2 The First Agreement Amending Recreation Park Oil and  
3 Gas Lease, dated September 15, 1969, settled certain  
4 differences among the parties.

5 The Second Agreement Amending Recreation Park Oil and  
6 Gas Lease, dated March 5, 1970, corrected certain inadvertent  
7 errors contained in said First Agreement Amending Recreation  
8 Park Oil and Gas Lease.

9 The Third Amendment Amending Recreation Park Oil and  
10 Gas Lease, dated June 10, 1971, settled certain misunder-  
11 standings in accounting for dry gas; and

12 WHEREAS, the parties hereto have certain differences  
13 that have arisen because of change of circumstances and there  
14 is a need to amend said Lease entered into on September 6, 1962,  
15 with reference to surety bond provisions, posted price and new  
16 development work; and

17 WHEREAS, it is the desire of the parties to amend said  
18 Oil and Gas Lease entered into on September 6, 1962, so as to  
19 provide for a substitute for a faithful performance bond  
20 required under said Lease, to provide for a price to be paid  
21 to Lessors based upon the actual price received by Lessee and  
22 to provide for the new development work and to provide for the  
23 allocation of costs and apportionment of the working interest  
24 with regard to such new development work;

25 NOW, THEREFORE, in consideration of the mutual covenants  
26 and agreements herein contained, the parties hereto agree that

1 the said Lease entered into on September 6, 1962, as amended,  
2 be, and the same is hereby, amended in the following respects:

3 1. That Paragraph 2 of said Lease be deleted in its  
4 entirety and a new paragraph 2 be substituted in lieu thereof  
5 to read as follows:

6 "2. If royalty is paid in money, Lessee shall pay to  
7 Lessors, on or before the last day of each and every calendar  
8 month during the term of this lease, Lessors' accrued royalty  
9 for the preceding calendar month. The royalty shall be based  
10 upon the actual price received for the oil by the Lessee,  
11 provided such price is the highest and best price available  
12 to Lessee. All crude oil sales contracts shall require the  
13 approval of the City of Long Beach and the Alamitos Land  
14 Company."

15 2. That Paragraph 10 of said Lease be amended by  
16 deleting therefrom the second paragraph thereof commencing on  
17 page 7, line 7 through line 27, and substituting therefor the  
18 following:

19 "The royalty share of all such production computed as  
20 provided in paragraphs 1, 7, and 9 hereinabove, after  
21 deduction of production properly consumed in operations  
22 hereunder or unavoidably lost, shall belong and be paid or  
23 delivered to Lessors as royalty as hereinabove provided. The  
24 remainder of all such production (hereinafter referred to as  
25 "working interest") shall belong to Lessee and to Lessors  
26 jointly in proportions as follows:

- 1           (1) 50% to Lessee (hereinafter referred to as the  
2           "Lessee's share of the working interest") as  
3           to 50/50 joint account production;  
4           (2) 50% to Lessors (hereinafter referred to as  
5           the "Lessors' share of the working interest")  
6           as to 50/50 joint account production;  
7           (3) 75% to Lessee as to 75/25 joint account  
8           production;  
9           (4) 25% to Lessors as to 75/25 joint account  
10          production.

11           75/25 joint account production is deemed to be that  
12          production as specified herein. Any other production not so  
13          specified is deemed to be 50/50 joint account production.

14           "The gross crude oil receipts attributable to the 50/50  
15          joint account shall be based on the value of the crude oil  
16          determined to be 50/50 joint account production based on the  
17          sum of the individual well gauges factored to the 50/50 joint  
18          account and, likewise, the gross crude oil receipts attributable  
19          to the 75/25 joint account shall be based on the value of the  
20          crude oil determined to be 75/25 joint account production  
21          based on the sum of the individual well gauges factored to  
22          the 75/25 joint account. Well head gravity shall be deemed to  
23          be shipped gravity.

24           "The gross receipts from the sales of gas and gasoline  
25          shall be allocated to the 50/50 joint account and the 75/25  
26          joint account based upon the sum of individual well gas meter

1 "readings factored to each joint account. Well head gas  
2 content shall be deemed to be lease gas content.

3 "The Fault Blocks under the Herbell Lease shall be  
4 known as North Block all zones, and South Block Wasem and  
5 shallower and South Block McGrath and deeper. The North Block  
6 all zones and South Block Wasem and shallower shall be drilled  
7 and produced under the 75/25 joint account. The Fault Block  
8 known as South Block McGrath and deeper shall be drilled and  
9 produced under the 50/50 joint account.

10 "Except as provided in subparagraph (g) hereinbelow, no  
11 part of the Lessors' share of the working interest in the 50/50  
12 joint account production shall be paid or delivered to Lessors  
13 until Lessee shall have been reimbursed in full out of the  
14 50/50 joint account working interest for all funds Lessee shall  
15 theretofore have advanced to pay the lease expenditures of the  
16 50/50 joint account from the beginning of operations hereunder  
17 to and including said date of computation, and, likewise, except  
18 as provided in subparagraph (g) hereinbelow, no part of  
19 Lessors' share of working interest in the 75/25 joint account  
20 production shall be paid or delivered to Lessors until Lessee  
21 shall have been reimbursed in full out of the 75/25 joint  
22 account working interest for all funds Lessee shall theretofore  
23 have advanced to pay the lease expenditures of the 75/25 joint  
24 account from the beginning of operations hereunder to and  
25 including said date of computation. Lessee shall not be  
26 reimbursed for expenses incurred for 75/25 joint account

1 "operations from 50/50 joint account production, and vice  
2 versa.

3 "This amended paragraph shall become effective on the  
4 first day of the first month after the Lessee has caused  
5 Well No. 5 to be redrilled into the North Block area, which  
6 area is shown on Exhibit "A", attached hereto and made a part  
7 hereof by reference, to a depth at least 500' below electric  
8 log marker "Y<sub>1</sub>", or its stratigraphic equivalent, and an  
9 electric log has been obtained from such well from the total  
10 depth of such redrill to a depth not less than 2,000' below the  
11 surface. Concurrent with the date of the first day of the  
12 first month after depth called for is passed, Lessors will  
13 have exchanged, in consideration for giving up 18% of their 68%  
14 Carried Working Interest, and simultaneously, Lessors will have  
15 accepted in exchange a 25% Carried Working Interest in the  
16 North Block all zones and South Block Wasem and shallower.  
17 The 20% royalty provisions of the September 6, 1962 Lease shall  
18 prevail as to each joint account."

19 3. That a new paragraph, designated as 26a, be added to  
20 said Lease to read as follows:

21 "26a. Lessee shall, within one hundred eighty (180) days  
22 of the execution date of this Amendment to Lease, commence  
23 redrilling of Well No. 5. With reference to the redrilling of  
24 Well No. 5, and the drilling of any additional new well or  
25 wells, the costs of such drilling operations into the North  
26 Block all zones and through South Block Wasem shall be charged

1 "to the 75/25 joint account and any production realized from  
2 the redrilling of any well or the drilling of any new well or  
3 wells into the North Block all zones or through the South Block  
4 Wasem is deemed to be 75/25 joint account production. The  
5 costs of drilling or redrilling any well into the South Block  
6 McGrath and deeper shall be charged to the 50/50 joint account,  
7 except that the cost of drilling or redrilling the initial well  
8 through the South Block Wasem shall be charged to the 75/25  
9 joint account.

10 "In the event that the Lessee elects not to drill any  
11 well or wells, excepting the redrill of Well No. 5, to bottom  
12 hole locations in the South Block Wasem and shallower, South  
13 Block McGrath and deeper, nor drill any well or wells to bottom  
14 hole locations in the North Block all zones, which are deemed  
15 by the Lessors to be productive locations, Lessee agrees to  
16 quitclaim, on demand by Lessors, all of the subject lands  
17 except for an area totaling not more than ten (10) acres for  
18 each then existing well and of a configuration approved by the  
19 Lessors.

20 "After cessation of the proposed drilling program, which  
21 is deemed to have occurred upon removal of the drilling  
22 equipment and derrick from the drill site area, any production  
23 subsequently developed in the South Block all zones is  
24 deemed to be 50/50 joint account production and all costs for  
25 the development of such production shall be charged to 50/50  
26 joint account and all production subsequently realized from

1 "the South Block area shall be credited to 50/50 joint account  
2 production."

3 4. That Paragraph 59 of said Lease be amended to read  
4 as follows:

5 "59. The Lessee, concurrently with its execution of  
6 this Lease, shall furnish to Lessors, and throughout the term  
7 of this Lease and any extension or renewal thereof, shall keep  
8 in full force and effect a good and sufficient surety bond in  
9 the sum of Sixty Thousand Dollars (\$60,000.00), or in lieu of  
10 such surety bond, Lessee may deposit with Lessors a letter of  
11 credit issued by a state or nationally chartered bank  
12 qualified to do business in California, to assure Lessee's  
13 full, prompt and faithful performance of all terms, covenants  
14 and conditions of this Lease on Lessee's part to be kept and  
15 performed. Any surety bond submitted to Lessors pursuant to  
16 this paragraph shall be procured from a surety company  
17 authorized to transact a surety bond in the State of California,  
18 and to be approved in the manner prescribed by the Charter of  
19 the City of Long Beach. The surety company issuing said bond  
20 may terminate said bond on any anniversary date thereof by  
21 giving the City Manager of the City of Long Beach written  
22 notice of its intention to do so at least thirty (30) days  
23 prior to the next anniversary date of said bond, and said bond  
24 shall thereupon terminate on such anniversary date. If any  
25 surety bond is terminated as provided above, Lessee shall,  
26 within a reasonable time prior to the effective date of such



1 "termination, either procure another surety bond acceptable to  
2 Lessors or deposit with Lessors cash or negotiable securities  
3 in the amount and in accordance with the conditions set forth  
4 herein.

5 "If Lessee elects to deposit negotiable securities in  
6 lieu of a surety bond or cash as provided for hereinabove, such  
7 negotiable securities must be acceptable to Lessors and be of  
8 such kind and nature as to be readily convertible into cash by  
9 Lessors without further execution of any documents or  
10 endorsements on the part of Lessee. The decision to accept or  
11 refuse any negotiable securities offered by Lessee shall rest  
12 solely with Lessors.

13 "If Lessee elects to provide a letter of credit in lieu  
14 of a surety bond, such letter of credit shall be an unconditional  
15 letter of credit payable jointly to Lessors. Any such letter  
16 of credit shall expressly make reference to this lease  
17 agreement, as amended, and shall provide that said letter of  
18 credit shall be irrevocable until sixty (60) days' prior  
19 written notice is given to both Lessors. In the event the  
20 issuing bank should send a notice of revocation and Lessee  
21 fails to post a satisfactory surety bond or other collateral as  
22 provided for herein or another letter of credit within thirty  
23 (30) days after the date of such notice of revocation, Lessors  
24 shall have the right to draw on said letter of credit in full  
25 as if there was a default under the terms of this Lease. At  
26 such time as Lessee has posted satisfactory substitute

1 "collateral, bond or letter of credit, the funds will then be  
2 released to Lessee, provided that Lessee is not otherwise in  
3 default of this Lease.

4 "Any cash or negotiable securities deposited with Lessors  
5 pursuant to the provisions hereof may be used by Lessors to  
6 compensate it for any loss or damage resulting from Lessee's  
7 failure to fully, promptly and faithfully perform to the  
8 satisfaction of the City Manager of the City of Long Beach all  
9 of the terms, covenants and conditions of this Lease on Lessee's  
10 part to be kept and performed.

11 "If any part of the cash or negotiable securities  
12 remains unused after Lessors' loss or damage has been compen-  
13 sated as provided above, such remaining cash or securities  
14 shall be returned to Lessee within ten (10) days thereafter.  
15 Should the City Manager of the City of Long Beach determine  
16 that no default has occurred and Lessors had not been damaged  
17 by any of Lessee's acts hereunder, then, Lessors will return  
18 the cash or securities in their possession within ten (10) days  
19 after such determination by the City Manager of the City of  
20 Long Beach, and in any event, no later than twenty (20) days  
21 after the expiration of this Lease. Should the cash or  
22 securities on deposit with Lessors hereunder be insufficient  
23 to compensate Lessors for their loss due to Lessee's failure  
24 to comply with the terms and conditions of this Lease, Lessee  
25 shall be liable for any deficiencies resulting therefrom."

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1           5. That Section II of Exhibit "C", ACCOUNTING  
2 PROCEDURE, be deleted in its entirety and a new Section II  
3 be substituted in lieu thereof, to read as follows:

4           SECTION II. CHARGEABLE COSTS AND EXPENDITURES

5           "Chargeable costs and expenditures shall include all  
6 costs and expenditures in connection with the performance of  
7 Lessee's duties under said Lease, such as, development,  
8 maintenance, operation, and abandonment. Lessee shall  
9 diligently exercise its best endeavors to obtain any property,  
10 material, services or facilities used in the performance of the  
11 terms of said Lease at the lowest net price obtained and to  
12 dispose of the same at the highest net price obtainable and  
13 any commission, bonus, profit, gratuity, rebate or benefit of  
14 any kind or character, when and if so received by the Lessee  
15 shall be credited against the expenses of the lease account.  
16 To this extent the Lessors, by so stating in writing, may  
17 require competitive bidding on major items of expense. Without  
18 in any way limiting the generality of the foregoing, chargeable  
19 costs and expenditures shall include and be allocated as  
20 follows:

- 21 "1. Permits, licenses, and bond premiums necessarily  
22 expended by Lessee in the performance of Lessee's  
23 duties under said lease, shall be charged to the well  
24 for which the expenditure was made or equally to each  
25 existing well if not identifiable.

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- 1 "2. Salaries and wages of Lessee's employees directly  
2 engaged in operations of drill site lands and subject  
3 lands, plus that portion of taxes and assessments  
4 imposed by governmental authority on or measured by the  
5 pay of employees, and any group insurance, sick pay  
6 (not recoverable from insurance), vacation pay,  
7 travel allowances, pensions, and other benefits  
8 accorded in general to Lessee's employees computed to  
9 be applicable to such salaries and wages, shall be  
10 allocated on the basis of gross revenue derived from  
11 the 50/50 joint account production and the gross  
12 derived from the 75/25 joint account production.
- 13 "3.A Materials, equipment and supplies purchased by Lessee  
14 or furnished from its storehouse stocks or from its  
15 other properties for use on drill site lands and  
16 subject lands. Insofar as is practical and consistent  
17 with efficient and economical operation, only such  
18 materials shall be purchased for or transferred to  
19 drill site and subject lands as are required for  
20 immediate use, and the accumulation of materials and  
21 supplies on drill site lands shall be kept to a minimum.  
22 These costs, including retail sales and use taxes, shall  
23 be charged to the well or facility for which it was  
24 purchased or allocated equally to each existing well  
25 if not identifiable except that all the costs related  
26 to the expansion of the existing production facilities

1 "shall be charged to the 75/25 joint account.  
2 "3.B Lessee is responsible for Joint Account Material and  
3 shall make proper and timely charges and credits for  
4 all material movements affecting the Joint Property.  
5 Lessee shall provide all Material for use on the Joint  
6 Property. Lessee shall make timely disposition of idle  
7 and/or surplus Material, such disposal being made either  
8 through sale to Operator or sale to outsiders. Lessee  
9 may purchase, but shall be under no obligation to  
10 purchase, interest of Lessors in surplus condition  
11 A or B Material. The disposal of surplus Controllable  
12 Material not purchased by the Lessee shall be agreed  
13 to by the Parties hereto.

14 (1) Purchases

15 Material purchased shall be charged at the price  
16 paid by Lessee after deduction of all discounts  
17 received. In case of Material found to be  
18 defective or returned to vendor for other reason,  
19 credit shall be passed to the Joint Account when  
20 adjustment has been received by the Lessee.

21 (2) Transfers and Dispositions

22 Material furnished to the Joint Property and  
23 Material transferred from the Joint Property or  
24 disposed of by the Lessee, unless otherwise agreed  
25 to by the Parties, shall be priced on the following  
26 basis exclusive of cash discounts:

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a. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph (2)a(1) of Section 3 B.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

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b. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph (2)a of Section 3 B.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph (2)a of Section 3 B.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

c. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph (2)a of this Section 3 B.

The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost or reconditioning does not exceed Condition B value.

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(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Lessee may dispose of Condition D Material under procedures normally utilized by the Lessee.

d. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent so that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

e. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movement, in lieu of loading and unloading costs sustained.



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(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

(3) Premium Prices

Whenever Material is not readily obtained at published or listed prices because of national emergencies, strikes or other unusual causes over which the Lessee has no control, the Lessee may charge the Joint Account for the required Material at the Lessee's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided, notice in writing is furnished to Lessors of the proposed charge prior to billing Lessors for such Material. Each Lessor shall have the right, by so electing and notifying Lessee within ten (10) days after receiving notice from Lessee, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Lessee.

(4) Warranty of Material Furnished by Lessee

Lessee does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint

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" Account until adjustment has been received  
by Lessee from the manufacturers or their  
agents.

"4. The cost incurred and paid by Lessee of transportation of  
employees, equipment, material, and supplies to and from  
drill site lands except as follows:

A. No charge shall be made for moving equipment, material,  
and supplies from Lessee's storehouses or other  
property of the Lessee to drill site or subject lands  
for a distance greater than would be necessary to  
move such equipment, material, and supplies from the  
nearest reputable supply store where such items are  
available to purchasers generally unless otherwise  
approved by Lessors.

B. No charge shall be made for moving surplus equipment  
and material from drill site lands to Lessee's store-  
house for a distance greater than to the nearest point  
where such surplus equipment and material could be  
sold at reasonable prices, nor shall a charge be made  
for moving materials to other properties belonging to  
Lessee except by special agreement.

These costs shall be charged to the well or facility for  
which it was purchased or allocated equally to each  
existing well if not identifiable.

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- 1 "5. Contract Services, utilities and equipment (other than  
2 electrical power) sources.  
3 These costs shall be charged to the well or facility for  
4 which the cost was incurred or allocated equally to each  
5 existing well if not identifiable.
- 6 6. Charges for the use of and service by Lessee's exclusively  
7 owned equipment, such as, but not limited to, strings of  
8 drilling tools, well pulling units, heavy automotive  
9 equipment, etc., on the basis of rates agreed to by  
10 Lessors prior to the use of the equipment. These rates  
11 commensurate with the cost of ownership and operation,  
12 including maintenance, insurance, taxes and allowance for  
13 depreciation, shall not be in excess of rates currently  
14 prevailing for like equipment in the area. Drilling tools  
15 and other equipment lost in the hole or damaged beyond  
16 repair may be charged at a fair depreciated value. These  
17 costs shall be charged to the well or facility for which  
18 the cost was incurred or allocated equally to each  
19 existing well if not identifiable.
- 20 7. Rehabilitation costs occasioned by fire, flood, storm,  
21 accident, or other cause or condition not controllable by  
22 Lessee through the exercise of reasonable diligence,  
23 whether or not similar to the causes or conditions herein  
24 specifically enumerated, and not compensated for by  
25 insurance or otherwise. Lessee shall furnish to Lessors  
26 a written notice of damages suffered from any source

- 1 " whatsoever immediately after report of the same has been  
2 received by Lessee. These costs shall be charged to the  
3 well or facility for which the cost was incurred or  
4 allocated equally to each existing well if not  
5 identifiable.
- 6 8. Expenses of litigation, liens, judgments, and settlement  
7 of claims incurred in or resulting from the operations  
8 under said Lease except that no charges for services of  
9 Lessee's legal staff or for fees or expenses of outside  
10 attorneys shall be made except upon prior agreement  
11 between Lessee and Lessors. These costs shall be charged  
12 to the well or facility causing such litigation, lien,  
13 judgment, or claim or shall be allocated equally to each  
14 existing well if not identifiable.
- 15 9. The net premiums for Workmen's Compensation Insurance  
16 covering development and production operations hereunder  
17 which Lessee shall procure and maintain. These costs  
18 shall be prorated on the basis of gross revenue  
19 realized from 75/25 joint account production and 50/50  
20 joint account production.
- 21 10. Taxes and Assessments:  
22 Subject to Article 10 (c-3) and 10 (i) of said Lease, all  
23 taxes and assessments which are levied and assessed, such  
24 as, taxes on improvements and personal property, and any  
25 license or excise, but excluding any income, franchise,  
26 capital stock and other such general taxes. These costs

1 " shall be charged on the basis of the gross revenue  
2 realized from 75/25 joint account production and 50/50  
3 joint account production, except for those taxes which  
4 are levied on a per-barrel basis.

5 11. The following charges to cover Lessee's cost of ordering,  
6 handling and storing materials, equipment and supplies:

7 A. Three percent (3%) of the cost of tubular goods  
8 (2" in diameter and larger) and major equipment,  
9 such as, derricks, tanks, boilers, compressors,  
10 engines, pumps, motors (3 H.P. and over), oil and  
11 gas separators (traps), pumping units, gear  
12 reduction units, and other large units delivered  
13 from Lessee's storehouse to drill site or subject  
14 lands.

15 B. Five percent (5%) of the cost of all other materials  
16 and supplies delivered from Lessee's storehouse to  
17 drill site or subject lands.

18 These charges are in lieu of any other charge for the cost  
19 of operating and maintaining Lessee's purchasing and  
20 warehousing facilities and shall be charged to the well  
21 or facility for which the charge was incurred.

22 12. The following overhead costs, which shall be in lieu of  
23 any charge for any part of the compensation of salaries  
24 of managing officers, including district and division  
25 superintendents, and of any part of the expenses of the  
26 head or main offices or division headquarters and offices,

1 " district headquarters and offices and field headquarters  
2 and offices of the Lessee:  
3 A. (1) Four Hundred Dollars (\$400.00) per month  
4 (prorated for periods of less than one month)  
5 for each well upon which drilling, re-drilling,  
6 or other remedial operations involving the use  
7 of drilling equipment and drilling crew are  
8 being performed, computed from the date of  
9 commencement of spudding-in operations on such  
10 well and continued until it is placed on  
11 production or is abandoned, as the case may be,  
12 except that no charge shall be made during the  
13 suspension of drilling operations for fifteen (15)  
14 or more consecutive days. These costs shall be  
15 charged to the Joint Account engaged in drilling,  
16 re-drilling or other remedial operations.  
17 (2) One Hundred Fifty Dollars (\$150.00) per producing  
18 well per month. These costs shall be charged to  
19 the Joint Account to which the well is assigned."

20 6. That a new section, designated as Section VI, be  
21 added to the Accounting Procedure (Exhibit "C") which reads as  
22 follows:

23 " SECTION VI  
24 Charges for use of facilities and services shall be allocated  
25 on the following basis:

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- "
- A. Reconditioning Material  
(Cleaning and Minor Repairs)
  - B. Operating Supplies
  - C. Lease Cleanup
  - D. Roads
  - E. Testing and Metering
  - F. Other

If, at any time in the future, facilities are added having a use or function different from that of any existing facility, or, if existing facilities should have a use or function different from that of the present, then, the cost thereof shall be segregated, and allocation will be in accordance with its new use or function."

7. Except as expressly provided herein, the Lease entered into on September 6, 1962, as amended, shall remain in full force and effect.

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IN WITNESS WHEREOF the parties hereto have executed  
this Fourth Agreement Amending Recreation Park Oil and Gas  
Lease as of the day and year first herein written.

HERBELL OIL EXPLORATION COMPANY,  
a limited partnership

By William P. Hader  
General Partner

LESSEE

CITY OF LONG BEACH, a  
municipal corporation

By [Signature]  
City Manager

ALAMITOS LAND COMPANY,  
a California corporation

By [Signature]  
President

By [Signature]  
Secretary

LESSORS

CITY ATTORNEY  
Long Beach, California 90802

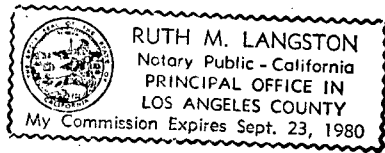
CITY ATTORNEY  
Long Beach, California 90802

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STATE OF CALIFORNIA )  
                                  ) SS.  
COUNTY OF LOS ANGELES )

On April 23, 1979, before me, the undersigned,  
a Notary Public of the State of California, personally appeared  
William P. Herder, known to me to be a general partner  
of the partnership that executed the within instrument, and  
acknowledged to me that such partnership executed the same.

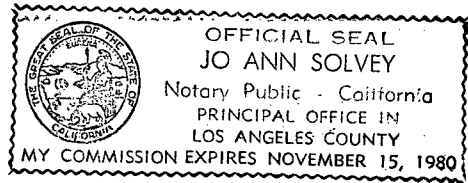
WITNESS my hand and official seal.



Ruth M. Langston  
Notary Public of the State of  
California

My Commission Expires 9-23-80

STATE OF CALIFORNIA )  
                                  ) SS.  
COUNTY OF LOS ANGELES )



On April 27, 1979, before me, the undersigned,  
a Notary Public of the State of California, personally appeared  
JOHN E. DEVER, known to me to be the City Manager of the City of  
Long Beach, the municipal corporation that executed the within  
instrument, known to me to be the person who executed the within  
instrument on behalf of the municipal corporation therein named,  
and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.

Jo Ann Solvey  
Notary Public of the State of  
California

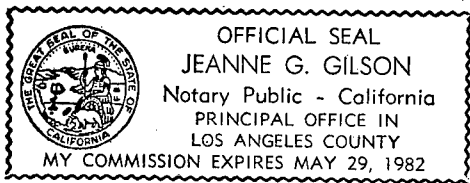
My Commission Expires:  
11-15-80

CITY ATTORNEY  
Long Beach, California 90802

1 STATE OF CALIFORNIA )  
2 COUNTY OF LOS ANGELES ) SS.

3 On April 24, 1979, before me, the undersigned,  
4 a Notary Public of the State of California, personally appeared  
5 Llewellyn Bixby, Jr., known to me to be the  
6 Darrell Neighbors, known to me to be the  
7 Secretary of ALAMITOS LAND COMPANY, the  
8 corporation that executed the within instrument, and known to  
9 me to be the person(s) who executed the within instrument on  
10 behalf of the corporation herein named, and acknowledged to me  
11 that such corporation executed the same.

12 WITNESS my hand and official seal.



13 Jeanne G. Gilson  
14 \_\_\_\_\_  
15 Notary Public of the State of  
16 California

17 My Commission Expires May 29, 1982

18  
19 The foregoing Fourth Agreement Amending Recreation Park  
20 Oil and Gas Lease is hereby approved as to form this

21 26<sup>th</sup> day of April, 1979.

22 ROBERT W. PARKIN, City Attorney

23  
24 By Robert G. Austin  
25 ROBERT G. AUSTIN  
26 Deputy City Attorney

RGA:sk  
4/11/79

