



October 21, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute the Surface Use Agreement and Amendment to Easement (and any subsequent amendments thereto) between the City of Long Beach, West Wilmington Unit Operator (City), and Cembra Long Beach, LLC (Cembra) and to execute associated Unit Agreement amendments to provide for improved oil operations on 1710 Pier B Street. (District 1)

**DISCUSSION**

Cembra is the surface owner of a parcel of land in the City known as 1710 Pier B Street (Property) upon which oil and gas operations are currently being conducted by the City, through its field contractor, Tidelands Oil Production Company, under certain Fault Block Unit and Unit Operating Agreements in the Wilmington Oil Field (Unit Agreements). Cembra is planning to conduct an aggregate (sand and gravel) processing on the Property, which is currently subject to a surface usage agreement, easement and right of way agreement with the City.

The City desires to terminate the right of way agreement and enter into a new surface use agreement and amendment to the easement that would modify the terms of joint surface usage with Cembra for mutual benefit, providing for improved oil operations on the Property. The Unit Agreements will also require amendment to reflect the surface usage revisions.

This item was reviewed by Principal Deputy City Attorney J. Charles Parkin and Budget Management Officer Victoria Bell on September 29, 2008.

TIMING CONSIDERATIONS

City Council action on this matter is requested on October 21, 2008 so that the City can conduct surface and subsurface preparation work on the Property prior to the commencement of Cembra's surface and subsurface work.

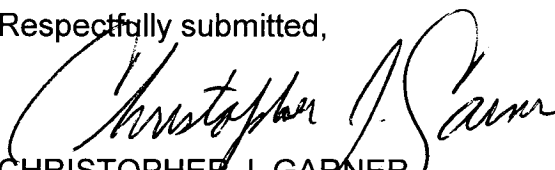
FISCAL IMPACT

Approval of the Surface Use Agreement and Amendment to Easement has no fiscal impact on the City.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:scs

LEG 638.000

APPROVED:



PATRICK H. WEST  
CITY MANAGER