

SECOND AMENDMENT TO AGREEMENT FOR USE OF LONG BEACH UNIT
FACILITIES FOR PRC 186 PRODUCTION

29103

This Second Amendment to the Agreement for Use of Long Beach Unit Facilities for PRC 186 Production entered into by and between the Oxy Long Beach, Inc., a Delaware Corporation (“OLBI”) and the City of Long Beach, a municipal corporation (“City”), in its capacity as Unit Operator for the Long Beach Unit (“Unit”) and executed on April 14, 2005 (the “Agreement”) is made and entered into this 1st day of October, 2010 (the “Second Amendment”). OLBI and City shall be collectively referred to as the “Parties.”

RECITALS

The purpose of this Second Amendment is to clarify and set forth the revised obligations of the Parties hereto pursuant to the Agreement and all amendments thereto. Except for those provisions of the Agreement that are expressly modified herein, the Agreement shall remain in full force and effect.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. This section shall be added to Section 1: Monthly Fee of the Agreement:

Fees incurred for lost or damaged vendor owned tools and other drilling equipment shall be excluded from the calculation of the fifteen percent (15%) of Drilling Vendor Invoice Costs.

In the event of a change in planned drilling that results in cancellation fees charged by the drilling vendor, the Parties agree to negotiate an equitable allocation of the cancellation fees between the Unit and the Lease.

2. This section shall replace Section 2: Well Fee of the Agreement in its entirety.

Well Fee: OLBI shall pay the Unit thirty thousand dollars (\$30,000) for each well slot (new, abandoned in-zone, or abandoned to surface) that is released by determination and approved by the Unit Voting Parties; however, notwithstanding the foregoing, for any well slots that are released in the 200 through 400 series, OLBI shall pay the Unit one hundred thousand dollars (\$100,000). If a determination and approval by the Unit Voting Parties releases any existing idle well, no matter where it is located, OLBI shall pay the Unit thirty thousand dollars (\$30,000) for each such well slot and OLBI shall be obligated for the abandonment liability of all released wells. Well fees shall not be recoverable by OLBI.

To date, the Unit has released twenty-five (25) well slots for use by the Lease.

3. This section will replace Section 8: Priority of the Agreement in its entirety.

In the event of limitations on facility capacity, the Unit shall have priority of use including but not limited to rigs, injection and water handling capacity, personnel and any Unit facilities required for Unit Operations. Any Unit well bay or well will be released by Unit Voting Parties, in writing, prior to use by OLBI for the Lease.

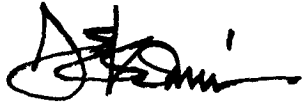
Notwithstanding the foregoing, the City can determine to shut-in a Unit well rather than a Lease well during periods where there are facility capacity limitations. In the event a Unit well is shut in, OLBI shall pay the Unit a monthly “keep whole” payment for the deferred production. The monthly keep whole payment shall be determined using the methodology set forth in Exhibit “E” of the First Amendment for Use of Long Beach Unit Facilities for PRC 186 Production attached hereto as Attachment 1. The monthly keep whole payment for a given shut-in well would cease when it would become uneconomic to operate the shut-in well on a monthly production volume basis.

A shut in well day is defined as any day or fraction thereof that one or more economically productive Unit wells have been shut in for the purpose of accommodating the Lease production when capacity limitations exist.

IN WITNESS WHEREOF, the Parties hereto have caused this Second Amendment to be duly executed and delivered as of the date first written above.

Dated: _____, 2010

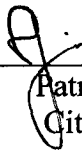
Oxy Long Beach, Inc.

By  BAZ
Frank E. Komin
President

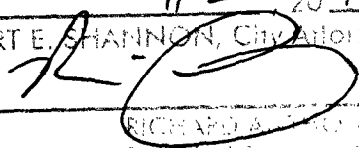
Dated: November 12, 2010

City of Long Beach,
a municipal corporation,
acting in its capacity as Unit
Operator of the Long Beach Unit

Assistant City Manager

By  EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.
Patrick H. West
City Manager

APPROVED AS TO FORM

11-2 20 10
ROBERT E. SHANNON, City Attorney
By 
RICHARD A. [unclear]
[unclear]