



A Sempra Energy company

555 West Fifth Street, Los Angeles, California 90013-1011

AGREEMENT FOR PIPELINE SERVICES
(NON-TARIFFED)

29984

Date: 2/05/2007

CITY OF LONG BEACH ("Customer") and Southern California Gas Company ("Company"), referred to collectively as "Parties" hereby agree that Company will provide the following services to Customer at the facility located at:

City of Long Beach Gas (Department Line 1228) Bright Water Development Area.

SCOPE OF SERVICES:

Lower approximately 200 feet of 14" Line 1228 to accommodate the proposed street improvement project on Bolsa Chica Road in the City of Huntington Beach and including the installation of one (1) new 8" tap valve on Line 1228 and tie the line into Line 1228.4 to continue gas service to the D-Cor gas producer site.

PROJECT COST:

\$ 175,780.00

This price includes all services associated with the installation of the proposed relocation of Long Beach Line 1228 and the abandonment of the existing section that is conflict with the Brightwater Development Project.

AGREEMENT FOR PIPELINE SERVICES

Pipeline Repair, Installation, Maintenance and Replacement Services

Company shall perform the following services using operations qualified personnel:

Using qualified contractors and Gas Company employees, the Gas Company will realign approximately 200 feet of 14" gas pipeline to accommodate the proposed street improvement on Bolsa Chica Road. The Gas Company will install one (1) new, 8" tap valve and tie into Line 1228.4 to continue service to the D-Cor gas producer site. All work will be completed in the most cost efficient manner and will be performed in conformance with accepted engineering practices and applicable federal, state, local codes, permits and ordinance requirements.

The Terms and Conditions (Attachment 1) dated 2/5/07 are attached and incorporated by reference.

In witness whereof, the parties hereto have indicated their consent to this Agreement including Attachment 1 by the signatures below of their authorized representatives.

The City of Long Beach

By: *Gerald P. Miller*
Print Name: GERALD P. Miller
Title: CITY MANAGER
Address: 333 W. OCEAN Blvd
City: LONG BEACH
State: CA Zip Code: 90802
Telephone # 562-570-6711
Date Signed: 3-7-07

Southern California Gas Company

By: *Frank Ayala*
Print Name: Frank Ayala
Title: Director - Gas Operations Services
Address: 555 W. Fifth St.
City: Los Angeles
State: CA Zip Code: 90013-1044
Telephone # 213-244-5549
Date Signed: January 18, 2007

APPROVED AS TO FORM

2/28, 2007
ROBERT E. SHANNON, City Attorney
By: *[Signature]*
CITY ATTORNEY



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ATTACHMENT 1- Terms and Conditions – 2/05/07

1. Scope of Services. Company shall provide the labor and materials described in the section entitled "Scope of Services" on the Customer's facilities, referred to as the "Services" in a skillful and competent manner. Company, with its contractors, shall provide all the materials, supplies, tools, equipment, and labor necessary and incidental to completion of the Services. Additional Services may be performed upon prior mutual written agreement.
2. Right of Entry. Customer warrants that it has all necessary authority and legal rights to grant, and does hereby grant, to Company such rights of ingress, use, and egress as may be necessary or convenient for the Company to install, operate, inspect, maintain, repair, replace, and remove meters, pipelines, fittings, and all other facilities, equipment and apparatus for the purpose of furnishing Services hereunder.
3. Invoices and Payment. Unless otherwise stated in the Scope of Services section, payment must be made prior to start of services.

When invoiced, Customer shall pay all Company invoices within thirty (30) days of the date of invoice. The Customer is solely responsible for, and shall pay, any sales, use, or other taxes that may be imposed on Company's services or otherwise assessed in connection with this Agreement.

Invoice Inquires:

Southern California Gas Company
Attn: Sundry Billings
555 W. Fifth Street, M/L GT12G1
Los Angeles CA 90013-1011
Telephone: (213) 244-3529
Fax: (213) 244-8458

Mail Payment to:

Southern California Gas Company
Attn: Credit & Collections
555 W.5th St., M/L SC711D
Los Angeles, CA 90013-1011

4. Independent Contractor Relationship. Neither Company nor its employees, agents, or contractors shall be deemed employees of the Customer for any purpose whatsoever. The parties intend that Company shall be an independent contractor of the Customer. Company may subcontract any portion of the Services to any third party.
5. Conformity with Laws. Each party shall observe and comply with all applicable laws, ordinances, codes, orders, and regulations of governmental agencies, including federal, state, municipal, and local governing bodies, having jurisdiction over the performance of the Services.
6. Limited Warranty.

Pipeline Assessment Services. Company warrants to the Customer that the Pipeline Assessment Services conducted by Company will meet or exceed all generally accepted industry standards for such Services. In the event Customer reports inferior or defective Services within thirty (30) days of the completion of Services, Company will conduct an additional Pipeline Assessment on the portion of the "facilities" deemed defective. Because of the possibility of new leaks occurring at any time after a Pipeline Assessment is completed, COMPANY DISCLAIMS ANY OTHER WARRANTY AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED PURPOSE.



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6.2 Limited Warranty (Excluding Pipeline Assessment Services). Company warrants to the Customer that Services rendered hereunder will be free from defects in material and workmanship caused by Company for one year from date of delivery. Company warrants to the Customer that the Services supplied will be performed in a competent, diligent manner and in accordance with generally accepted standards for such Services. All claims for defective work must be made in writing immediately upon discovery and, in any event, within one year from the date of completion of the Services. Upon submission of a claim, Company shall at its option either (a) repair or replace all defective work, or (b) refund an equitable portion of the price Customer paid for the Services. In no event shall Company be responsible for repair or replacement if Company is not provided working access to any defect, including the removal, disassembly, replacement or reinstallation of any equipment, materials or structures to the extent necessary to permit Company to perform its warranty obligations; or if for damage to equipment, components or parts resulting in whole or in part from improper maintenance or operation or from their deteriorated condition. The conditions of any tests shall be mutually agreed upon and Company shall be notified of, and may be present at all tests that may be made. With respect to products not manufactured by Company, the only warranty shall be the warranty Company receives from its supplier. COMPANY DISCLAIMS ANY OTHER WARRANTY AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED PURPOSE. THE CUSTOMER'S SOLE REMEDY FOR COMPANY'S BREACH SHALL BE FOR COMPANY TO REPERFORM ANY SERVICES NOT PROVIDED IN ACCORDANCE WITH THE ABOVE EXPRESS WARRANTY.

7. Limitation of Liability. Company, its contractors and suppliers of any tier, shall not be liable in contract, in tort (including active and passive negligence) or otherwise for damage or loss of other property or equipment, loss of profits or revenue, loss of use of equipment cost of capital, cost of purchased or replacement power or temporary equipment (including additional expenses incurred in using existing facilities), claims of customers of the Customer, or for any punitive, special, indirect, incidental, or consequential damages whatsoever; provided, however, that the company shall be liable for gross negligence or willful misconduct. The remedies of the Customer set forth herein are exclusive and the liability of Company with respect to Services performed under this Agreement shall not exceed the price set forth herein for the Services. Any action for breach of contract or otherwise by the Customer against Company must be commenced within one year after the cause of action has accrued. IN NO EVENT SHALL COMPANY BE LIABLE FOR PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR FOR LOST BUSINESS OR LOST PROFITS, WHETHER UNDER TORT, BREACH OF CONTRACT, STRICT LIABILITY, OR ANY OTHER THEORY, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
8. Force Majeure. In no event shall Company be liable for breach of this Agreement if it cannot perform its obligations under this Agreement because of forces not under its control including, but not limited to, acts of God, labor disputes or strikes (whether involving Company's or its subcontractor's workforce), shortages of parts or materials, civil unrest, war, inability to obtain governmental approvals or permits, or government or regulatory orders, including those of the California Public Utilities Code. In the event of such delay, the time for completion shall be extended by a period of time reasonably necessary to overcome the effect of such delay.



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9. Differing Site Conditions. If conditions are encountered at the facilities which are (i) subsurface or otherwise concealed physical conditions which materially differ from those indicated in the Agreement or information provided by Customer to Company, or (ii) unknown physical conditions of an unusual nature, which materially differ from those ordinarily found to exist and generally recognized as inherent in the type of Services to be performed pursuant to this Agreement, and the conditions described in either (i) or (ii) cause an increase or decrease in Company's cost of, or time required for, performance of any part or the Services, then an equitable adjustment to the Project Cost or completion date or both may be requested by Company, and shall be granted by Customer in its reasonable judgment applied in good faith.
10. Indemnity.
 - 10.1 Company will defend, indemnify, and hold Customer, its officials, directors, officers, employees and agents free and harmless from any and all liability from loss, damage, or injury to property or persons, including wrongful death (excluding only Pre-Existing Environmental Liability), in any manner arising out of or incident to any negligent acts, omissions, or willful misconduct of Company arising out of or in connection with Company's performance of this Agreement including, without limitation, the payment of attorneys' fees. Further, Company will defend at its own expense, including attorneys' fees, the Customer, its officials, officers, employees, and agents in any legal action based upon such negligent acts, omissions, or willful misconduct.
 - 10.2 Customer will defend, indemnify, and hold the Company, its directors, officers, employees, and agents free and harmless from any and all liability from loss, damage, or injury to property or persons, including wrongful death, in any manner arising out of or incident to any negligent acts, omissions, including inaccurate or nondisclosure of material facts concerning the Services, or willful misconduct of Customer arising out of or in connection with this Agreement including, without limitation, the payment of attorneys' fees. Further, Customer will defend at its own expense, including attorneys' fees, the Company, its officials, officers, employees, and agents in any legal action based upon such negligent acts, omissions, or willful misconduct.
 - 10.3 Environmental. Customer shall indemnify and hold Company harmless from an against any and all liability (including attorneys' fees) arising out of or in any way connected with the violation of or compliance with any local, state, or federal environmental law or regulation as a result of pre-existing conditions at the facilities, release or spill of any pre-existing hazardous materials or waste, or out of the management and disposal of any pre-existing contaminated soils or groundwater, hazardous or non-hazardous, removed from the ground as a result of the Services performed under this Agreement ("Pre-Existing Environmental Liability") including, but not limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorneys' fees, disbursements, and other response costs. As between Customer and Company, Customer agrees to accept full responsibility for and bear all costs associated with Pre-Existing Environmental Liability. Customer agrees that Company may stop work, terminate the Agreement, redesign any pipeline installation Services to a different location, or take other action reasonably necessary to complete the Services without incurring any Pre-Existing Environmental Liability.



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11. Attorney Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation will be entitled to have and recover from the losing party reasonable attorney's fees and costs of suits.
12. Termination of Contract. This Agreement may be terminated: (1) If one party materially breaches this Agreement and fails to remedy such breach within thirty (30) days of receiving written notice of such breach by the other party, the party suffering such breach may terminate this Agreement immediately upon written notice to the other; (2) If a party fails to make timely payments for Services, the party owed such payments may terminate this Agreement with thirty (30) days written notice; or (3) If either party provides the other party thirty (30) days prior written notice of termination.
13. Miscellaneous. Neither this Agreement nor any duties or obligations hereunder shall be assignable by Customer, whether voluntarily, involuntarily, or by operation of law, without the prior written consent of Company; Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the heirs, successors, or assigns of the parties. This Agreement shall be construed and enforced according to the laws of the State of California applicable to agreements made and to be performed wholly within California. Any waiver of any term of this Agreement must be in writing and or failure to enforce a right under this Agreement by either party shall not be construed as a subsequent waiver of the same right or any other right such party may have. This Agreement, along with any attachments and exhibits, constitutes the entire agreement of the parties, and there are no promises, terms, conditions, duties, obligations, or rights other than those contained herein.
14. Notices. Notices and invoices shall be in writing and sent to the parties at the addresses below their signatures. Notices shall be sent either by first-class United States mail (postage prepaid), commercial overnight courier, or delivered personally, as set forth in the attached Agreement for Services. Notices may be sent by fax or other electronic media, however, sender is responsible to verify receipt.