



February 15, 2007

**30103**

Tidelands Oil Production Company  
P.O. Box 1330  
Long Beach, CA 90801  
Attention: Mark Kapelke

Subject: Agreement for Cathodic Protection on Gas Lines

Dear Mr. Kapelke:

The City of Long Beach, acting through the Long Beach Gas & Oil Department ("LBGO"), has existing and is installing new gas lines near Tidelands Oil Production facilities. The gas lines will need cathodic protection to ensure corrosion is minimized. As discussed, LBGO is installing a cathodic protection rectifier on Long Beach Harbor Department property on Pier D Avenue, adjacent to M-213, M-214 and M-217 well sites and is requesting that Tidelands Oil Production Company ("Tidelands") provide an electrical connection and space for an electrical disconnect to LBGO at an existing Tidelands electrical power panel, adjacent to the M-213, M-214 and M-217 well sites. LBGO will install an electrical disconnect and circuit breaker at the electrical power panel, all electrical conduit and wiring from the electrical power panel and the rectifier site and any transformers necessary to reduce supply voltage.

All details related to the connection of electrical service from the existing infrastructure to the pipelines will be arranged through Steve Bateman with LBGO.

In addition, the following conditions will apply:

- The power demands of the cathodic protection will be minimal, and Tidelands will not charge LBGO for the electrical usage.
- LBGO shall give Tidelands at least 48 hours notice before conducting any installation, maintenance or repair work on the electrical connection. Within 24 hours, Tidelands may require LBGO to reschedule such work if Tidelands reasonably believes that such work may interfere with its operations. Tidelands' approval of such work shall not be unreasonably withheld.
- LBGO shall defend and hold harmless Tidelands and its parents, affiliates and subsidiaries and their officers, employees and agents ("Indemnitees") from and against any property damage, disruption of operations, personal injury or death (including without limitation, claims of the employees of Tidelands or any Tidelands partner or contractor) and expenses, costs of litigation and reasonable attorney's fees related thereto, or incident to establishing the right to indemnification, to the extent such claims arise from any act or omission or willful misconduct of LBGO, its employees, agents or

contractors arising out of or in any way related to the connection and use of electrical service as specified in this Agreement by LBGO, any LBGO subcontractor or their employees. Further, LBGO shall defend, indemnify and hold harmless the Indemnitees from and against all claims, expenses and costs of litigation and counsel fees related hereto, or incident to establishing the right to indemnification, arising out of or in any way related to the connection and use of electrical service as specified in this letter.

- Additionally, LBGO shall waive and release Tidelands, its parent, affiliates, employees, or agents from any and all claims that may arise as a result of the connection and use of the electrical service as specified herein. There are laws that may invalidate releases of claims that are unknown to the releasing party. In particular, and not by way of limitation, LBGO represents and acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

*“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”*

LBGO waives and relinquishes any rights and/or benefits that LBGO may have under Section 1542 of the California Civil Code, or any similar applicable statute, to the full extent permitted by law.

- The electrical connection shall operate for an indefinite period or until such time that Tidelands permanently ceases to operate at the M-213, M-214 and M-217 well sites. Tidelands further agrees to notify LBGO within one month prior to such cessation of operations at the M-213, M-214 and M-217 well sites.

If you agree to these terms, please sign below and return the original to Curtis Henderson at LBGO (2400 East Spring St., Long Beach, CA 90806):

Mark S. Kapelke  
Signature

2/15/2007  
Date

Mark S. Kapelke  
Printed Name

Operations Manager  
Title

If you have any questions, contact Steve Bateman at (562) 570-2034.

Sincerely,

CITY OF LONG BEACH

By: [Signature]  
City Manager

APPROVED AS TO FORM  
3/19, 2007  
ROBERT E. SPANNON, City Attorney  
By: [Signature]  
DEPUTY CITY ATTORNEY