

30302

AMENDMENT OF CERTAIN TRANSACTION CONFIRMATIONS TO ADDRESS BALANCING QUANTITIES AND DELIVERIES IN EXCESS OF CUSTOMER'S FIRM ACCESS RIGHTS QUANTITIES

WHEREAS, SHELL ENERGY NORTH AMERICA (US), L.P. (successor-in-interest to Coral Energy Resources, L.P. via merger on June 1, 2008) ("Shell Energy") and CITY OF LONG BEACH, CALIFORNIA ("Counterparty") are parties to certain transactions for the purchase and sale of natural gas as specified under certain transaction confirmations documenting such specific gas purchases and sales between the Parties (the "Transaction Confirmations"). Each capitalized term herein used shall have the meaning set forth in the Transaction Confirmation(s) prior to giving effect to this Amendment, unless otherwise stated.

WHEREAS, Shell Energy and Counterparty desire to enter into this Amendment to the Transaction Confirmations (this "Amendment") to amend the Transaction Confirmations effective as of October 1, 2008 (the "Effective Date").

WHEREAS, the Transaction Confirmation(s) contain a special condition titled "SoCal Unbundling of backbone transmission facilities" which provides that, "within 30 days after the date when SoCal Gas' backbone transmission costs are unbundled from end-use customers' transportation rates, the Parties will adjust the terms of this Agreement effective as of the effective date of the unbundling of the backbone transmission costs, if and as necessary, in order to continue to achieve, to the extent commercially feasible, the original intent of the Parties in entering into this Agreement, which is to provide for a Delivery Point(s) (with corresponding upstream and downstream obligations by Seller and Buyer) that reflects delivery by Seller to any point of interconnection between the SoCal Gas system and the interstate natural gas pipelines upstream of the SoCal Gas system."

WHEREAS, Counterparty has obtained firm receipt point access rights ("FARs") for all or a portion of the Designated Quantity in the Transaction Confirmation(s).

NOW THEREFORE, Shell Energy and Counterparty, in consideration of the mutual benefits to be derived hereunder and to implement the SoCal unbundling of backbone transmission facilities special condition as of the Effective Date do hereby agree as follows:

AGREEMENT

1. Application to all Affected Transaction Confirmations. The Parties hereto agree that this Amendment shall apply to, and modify as specified herein, all Transaction Confirmation(s) entered into between the Parties that have a Delivery Point of SoCal Gas Border and a delivery obligation, or any portion thereof, from October 1, 2008 and beyond.

AMENDMENTS

1. Delivery Point. For all quantities delivered by Shell Energy over and above the amount of FARs held by Counterparty, and for all balancing quantities, the existing

Delivery Point specified on the Transaction Confirmations as "SoCal Border" or "SoCal Gas Border" is hereby deleted and replaced with "SoCal Gas Citygate."

2. Balancing, Incremental Supply Volumes. For all Transaction Confirmations that contain balancing or incremental supply obligations due to Buyer's deviations from the Designated Quantity each Month, and for all quantities delivered by Shell Energy over and above the FARs held by Counterparty, the index based pricing mechanism for such quantities that specifies "SoCal Gas" or "SoCal Border" shall be modified to reference "SoCal Gas Citygate".

Except as amended herein, the Transaction Confirmation(s) shall be and remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed in multiple originals.

SHELL ENERGY NORTH AMERICA (US), L.P.

BY: Beth Bowman

PRINTED NAME: Beth Bowman

TITLE: Senior Vice President

CITY OF LONG BEACH, CALIFORNIA

BY: Patrick H. West Assistant City Manager

PRINTED NAME: Patrick H. West

TITLE: City Manager

RECORDED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.
FILED
TO SECTION 301 OF
THE CITY CHARTER.

APPROVED AS TO FORM

9-24, 20 08
ROBERT E. SHANNON, City Attorney

By Richard Anthony
RICHARD ANTHONY
DEPUTY CITY ATTORNEY