



December 7, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute the 10<sup>th</sup> Amendment to the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract with the California State Lands Commission, allowing for drilling of oil production wells from subject lands into adjacent West Wilmington oil producing areas. (District 2)

**DISCUSSION**

Tidelands Oil Production Company (Tidelands OPC) is the contractor to the City for the West Wilmington oil operations, including the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract (Contract) for the State of California tidelands interests.

The Contract, under Section 6.4, currently does not allow Tidelands OPC to drill an oil producing well from the contracted areas into adjacent West Wilmington oil producing areas, though the opposite condition is allowed. Due to Harbor development and the 2004 Memorandum of Understanding between the Harbor Department and Long Beach Gas and Oil Department, Tidelands OPC has limited areas to drill from within the Harbor District. The 10<sup>th</sup> Amendment to the Contract would eliminate the provision restricting the drilling of oil producing wells from subject lands into adjacent West Wilmington oil producing areas, giving Tidelands OPC the ability to drill into areas that may not otherwise be accessible.

Final approval of the 10<sup>th</sup> Amendment to the Contract is conditional upon approval of the California State Lands Commission.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Officer Victoria Bell on October 21, 2010.

TIMING CONSIDERATIONS

City Council action is requested on December 7, 2010.

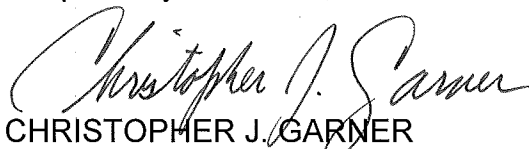
FISCAL IMPACT

There is no fiscal impact and no local job impact associated with this action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:CPH:lld

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER