



1 expertise and a substantial sum of money to secure an increase in the oil production from the Long  
2 Beach Unit in return for a greater share of the net profits from any enhanced production. ARCO is  
3 the guarantor of ALBI's performance under the Optimized Waterflood Agreement.

4 D. THUMS Long Beach Company, a Delaware corporation (THUMS), is the agent for the  
5 Field Contractor under the Contractors' Agreement and, as such, carries out the operational  
6 responsibilities of the Field Contractor. THUMS is a wholly owned subsidiary of ALBI.

7 E. On November 15, 1999, ARCO and Oxy entered into a Stock Purchase Agreement in  
8 which ARCO agreed to sell and Oxy agreed to buy all of ARCO's stock in ALBI and all of ARCO's  
9 outstanding rights and obligations under the Optimized Waterflood Agreement (the Stock  
10 Transaction). As a result of the Stock Transaction, ALBI will become a wholly owned subsidiary of  
11 Oxy. THUMS will continue to be a wholly owned subsidiary of ALBI. Also under the Stock  
12 Purchase Agreement, Oxy has agreed to be the guarantor or responsible party under the Contractors'  
13 Agreement, the Unit Agreement, the Unit Operating Agreement, the Tract 2 Agreement and the  
14 Optimized Waterflood Agreement.

15 F. ARCO, ALBI and Oxy have requested that the City consent to the Stock Transaction  
16 insofar as it affects the rights and obligations of the Field Contractor and Nonoperating Contractors  
17 under the Contractors' Agreement and that the State consent to the Stock Transaction insofar as it  
18 affects the rights and obligations of the Contractor under the Tract 2 Agreement. In addition, ARCO  
19 and ALBI are seeking the consent of the State under section 7.07 of the Optimized Waterflood  
20 Program to the Stock Transaction in that it is a sale by an ARCO Party of the stock of a wholly  
21 owned subsidiary of an ARCO Party.

22 G. ARCO has requested that the City release ARCO from all of its responsibilities as  
23 guarantor of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the  
24 Unit Operating Agreement and that the State release ARCO from all of its responsibilities as  
25 guarantor of ALBI's performance under the Tract 2 Agreement, the Unit Agreement, the Unit  
26 Operating Agreement and the Optimized Waterflood Agreement.

27 H. Article 25 of the Contractors' Agreement permits any contractor to assign or otherwise  
28 dispose of its interest in the Contractors' Agreement only after obtaining the written consent of and

1 subject to any terms and conditions prescribed by the Long Beach City Manager, acting with the  
2 approval of the State.

3 I. Article 19 of the Tract 2 Agreement permits the contractor to assign or otherwise dispose  
4 of its interest in the Tract 2 Agreement only after obtaining the written consent of and subject to any  
5 terms and conditions prescribed by the State.

6 J. Article 7.07 of the Optimized Waterflood Agreement permits ARCO and ALBI to assign  
7 their rights and obligations under Article 2 of the Optimized Waterflood Agreement (the provisions  
8 dealing with the implementation and continuing conduct of the optimized waterflood program) only  
9 after securing the written consent of the State.

10 K. The City has negotiated with ARCO, ALBI and Oxy the terms and conditions upon which  
11 the Long Beach City Manager will consent to the Stock Transaction and release ARCO from its  
12 guarantee of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the  
13 Unit Operating Agreement. Those terms and conditions are set forth in the proposed Assignment  
14 Consent Agreement among the City, ARCO, ALBI and Oxy attached as Exhibit A.

15 L. The State has negotiated with ARCO, ALBI and Oxy the terms and conditions upon which  
16 it will consent to the Stock Transaction and release ARCO from its guarantee of ALBI's performance  
17 under the Tract 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized  
18 Waterflood Agreement. Those terms and conditions are set forth below.

19 Based on these factual recitals, the State, ARCO, ALBI and Oxy agree as follows:

20 1. The State is willing to give and does give its approval to the Long Beach City Manager's  
21 consent to the Stock Transaction insofar as it affects the transfer of the ownership of ALBI from  
22 ARCO to Oxy (including the rights and obligations of ALBI as the holder of the Field Contractor and  
23 the Nonoperating Contractor interests under the Contractors' Agreement and the rights and  
24 obligations of ARCO under the Contractors' Agreement and the Optimized Waterflood Agreement),  
25 and to the future release of ARCO's guarantee of ALBI's performance under the Contractors'  
26 Agreement, the Unit Agreement and the Unit Operating Agreement on the terms and conditions set  
27 forth in the Assignment Consent Agreement attached as Exhibit A.

28 2. The State is willing to consent and does consent to the Stock Transaction insofar as it

1 affects the transfer of the ownership of ALBI from ARCO to Oxy (including the rights and  
2 obligations of ALBI as the holder of the Tract 2 Nonoperating Contractor interest under the Tract  
3 2 Agreement and pursuant to Article 7.07 of the Optimized Waterflood Agreement and the rights and  
4 obligations of ARCO under the Tract 2 Agreement and the Optimized Waterflood Agreement) on  
5 the following terms and conditions:

6 a. All provisions of the Contractors' Agreement, the Tract 2 Agreement and the  
7 Optimized Waterflood Agreement and all amendments to the Contractors' Agreement, the  
8 Tract 2 Agreement and the Optimized Waterflood Agreement shall remain fully in force and  
9 in effect.

10 b. ALBI reaffirms all of its obligations under the Contractors' Agreement, the Tract  
11 2 Agreement and the Optimized Waterflood Agreement, anything in any other agreements to  
12 which ARCO, ALBI and /or Oxy may be a party to the contrary notwithstanding.

13 c. Within sixty (60) days after the effective date of this Assignment Consent  
14 Agreement and Consent to Assignment, ALBI, the City and the State shall vote for, approve  
15 of or consent to a Long Beach Unit Determination or Approval After Submission to the  
16 Participants (as defined in the Unit Agreement) for the installation of automatic shutdown  
17 valves on all four primary offshore oil lines, a total of eight valves. The installation shall be  
18 completed by July 1, 2001; provided, however, that this time may be extended so long as the  
19 installation process has proceeded and continues to proceed diligently. The cost of installing  
20 these valves shall be charged as Unit Expense to the Participants in the Long Beach Unit.  
21 This cost shall be a Base Cost, as defined in Article 1.02(f) of the Optimized Waterflood  
22 Agreement, and shall be accounted for as such under the terms of the Optimized Waterflood  
23 Agreement.

24 d. Within sixty (60) days after the effective date of this Assignment Consent  
25 Agreement and Consent to Assignment, ALBI, the City and the State shall vote for, approve  
26 of or consent to a Long Beach Unit Determination or Approval After Submission to the  
27 Participants (as defined in the Unit Agreement) for a complete financial audit of Long Beach  
28 Unit operations which shall be performed jointly by the City and the State. The audit shall

1 cover fiscal years 1998/1999 and 1999/2000. The audit shall be completed by July 1, 2001;  
2 provided, however, that this time may be extended so long as the audit process has proceeded  
3 and continues to proceed diligently. The cost of the audit shall be charged as Unit Expense  
4 to the Participants in the Long Beach Unit.

5 e. A full field safety audit of the Long Beach Unit shall be conducted by the State's  
6 staff and its consultants; provided that Oxy shall have the right to approve such consultants,  
7 such approval not to be unreasonably withheld. The audit shall be completed by July 1, 2001;  
8 provided, however, that this time may be extended so long as the audit process has proceeded  
9 and continues to proceed diligently. The costs for this audit that are incurred by the State's  
10 staff and its consultants shall be reimbursed to the State by Oxy in an amount not to exceed  
11 \$500,000.

12 f. By giving its consent to the assignments of these interests, the State does not  
13 approve or give its consent to any of the provisions of the Stock Purchase Agreement  
14 between ARCO and Oxy or to the provisions of any other agreement by and among all or  
15 some of ARCO, ALBI and Oxy pertaining to these assignments.

16 g. Oxy fully guarantees and assumes full responsibility for the performance of all the  
17 obligations of ALBI as the Tract 2 Nonoperating Contractor under the Tract 2 Agreement,  
18 all the obligations of ALBI as a Participant under the Unit Agreement and the Unit Operating  
19 Agreement and all the obligations of ARCO and ALBI under Article 2 of the Optimized  
20 Waterflood Agreement, and agrees to be responsible for all of the obligations adhering to  
21 those interests, anything in any other agreements to which ARCO ALBI and/or Oxy may be  
22 a party to the contrary notwithstanding.

23 3. ARCO shall not be released from its guarantees of ALBI's performance under the Tract  
24 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood  
25 Agreement until the following conditions have been fulfilled:

26 a. The automatic shutdown valves are installed, as required by paragraph 2c above,  
27 to the satisfaction of the City and the State.

28 b. All issues raised in the financial audit of the Long Beach Unit, required by

1 paragraph 2d above, are resolved to the satisfaction of the City, the State, ARCO, ALBI and  
2 Oxy or have been submitted to and resolved fully by binding arbitration.

3 c. All issues raised in the field safety audit of the Long Beach Unit, required by  
4 paragraph 2e above, are resolved to the satisfaction of the City, the State, ARCO, ALBI and  
5 Oxy or have been submitted to and resolved fully by binding arbitration.

6 d. Within thirty (30) days of the satisfactory completion or resolution of the three  
7 conditions precedent, as provided in subparagraphs 3a, 3b and 3c above, the City and the  
8 State shall provide written notice of such satisfactory completion or resolution to ALBI and  
9 ARCO.

10 e. On a date that is one hundred twenty (120) days following the date when all of the  
11 conditions in subparagraphs a, b and c of this paragraph 3 have been fulfilled, ARCO shall be  
12 released prospectively from its guarantor obligations under the Tract 2 Agreement, the Unit  
13 Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement, unless  
14 on or before that date, the California State Lands Commission, at a regularly scheduled  
15 meeting where a hearing is required to be given and evidence is required to be taken, finds  
16 that Oxy does not have the financial capability or has not demonstrated the operational  
17 capability or expertise to fulfill the responsibilities of the Tract 2 Nonoperating Contractor  
18 under the Tract 2 Agreement or of those undertaken by the ARCO Parties under Article 2 of  
19 the Optimized Waterflood Agreement without the continuing guarantee of ARCO. ARCO,  
20 ALBI and/or Oxy may challenge the Commission's finding by filing in the Los Angeles  
21 County Superior Court, Central District, a petition for writ of administrative mandate under  
22 section 1094.5 of the California Code of Civil Procedure, or any successor provision, within  
23 thirty (30) days of the Commission's decision.

24 4. This Assignment Consent Agreement and Consent to Assignment shall be governed by the  
25 laws of the State of California.


26 5. This Assignment Consent Agreement and Consent to Assignment may be executed in  
27 counterpart copies, and each executed counterpart copy shall have the same force and effect as an  
28 original and shall be enforceable to the same extent as if all parties had executed the same document.

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6. This Assignment Consent Agreement and Consent to Assignment shall be effective May 1, 2000.

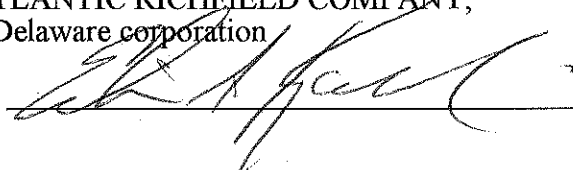
OCCIDENTAL PETROLEUM CORPORATION,  
a Delaware corporation

5/18, 2000

by 

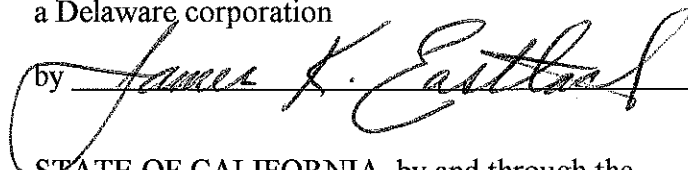
ATLANTIC RICHFIELD COMPANY,  
a Delaware corporation

4/18, 2000

by 

ARCO LONG BEACH, INC.,  
a Delaware corporation

4/18, 2000

by 

STATE OF CALIFORNIA, by and through the  
CALIFORNIA STATE LANDS COMMISSION

4/20, 2000

by   
PAUL D. THAYER, Executive Officer

1 ASSIGNMENT CONSENT AGREEMENT 34521

2 This Assignment Consent Agreement is entered into by and among Atlantic Richfield  
3 Company, a Delaware corporation (ARCO), ARCO Long Beach, Inc., a Delaware corporation  
4 (ALBI), Occidental Petroleum Corporation, a Delaware corporation (Oxy) and the City of Long  
5 Beach, a municipal corporation (City).

6 This Assignment Consent Agreement is made with reference to the following facts:

7 A. Effective April 1, 1965, the City entered into the Contractors' Agreement, Long Beach  
8 Unit, Wilmington Oil Field (Contractors' Agreement) with a Field Contractor and several  
9 Nonoperating Contractors providing for the development and operation of Tract 1 of the Long Beach  
10 Unit. ALBI is the holder of the Field Contractor's interest and all Nonoperating Contractor interests.  
11 ALBI is also a Participant as to Tract 1 under the Unit Agreement for the Long Beach Unit (Unit  
12 Agreement) and under the Unit Operating Agreement for the Long Beach Unit (Unit Operating  
13 Agreement) by virtue of the provisions of Article 2 of the Contractors' Agreement. ARCO is the  
14 guarantor of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the  
15 Unit Operating Agreement.

16 B. Effective November 5, 1991, the City, ARCO, ALBI and the State of California, by and  
17 through the California State Lands Commission (State), entered into the Agreement for  
18 Implementation of an Optimized Waterflood Program for the Long Beach Unit (Optimized  
19 Waterflood Agreement) pursuant to which ARCO and ALBI agreed to commit their expertise and  
20 a substantial sum of money to secure an increase in the oil production from the Long Beach Unit in  
21 return for a greater share of the net profits from any enhanced production. ARCO is the guarantor  
22 of ALBI's performance under the Optimized Waterflood Agreement.

23 C. THUMS Long Beach Company, a Delaware corporation (THUMS), is the agent for the  
24 Field Contractor under the Contractors' Agreement and, as such, carries out the operational  
25 responsibilities of the Field Contractor. THUMS is a wholly owned subsidiary of ALBI.

26 D. On November 15, 1999, ARCO and Oxy entered into a Stock Purchase Agreement in  
27 which ARCO agreed to sell and Oxy agreed to buy all of ARCO's stock in ALBI and all of ARCO's  
28 outstanding rights and obligations under the Optimized Waterflood Agreement (the Stock

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1 Transaction). As a result of the Stock Transaction, ALBI will become a wholly owned subsidiary of  
2 Oxy. THUMS will continue to be a wholly owned subsidiary of ALBI. Also under the Stock  
3 Purchase Agreement, Oxy has agreed to be the guarantor or responsible party under the Contractors'  
4 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood  
5 Agreement.

6 E. ARCO, ALBI and Oxy have requested that the City consent to the Stock Transaction  
7 insofar as it affects the rights and obligations of the Field Contractor and Nonoperating Contractors  
8 under the Contractors' Agreement.

9 F. ARCO has requested that the City release ARCO from all of its responsibilities as  
10 guarantor of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the  
11 Unit Operating Agreement.

12 G. Article 25 of the Contractors' Agreement permits any contractor to assign or otherwise  
13 dispose of its interest in the Contractors' Agreement only after obtaining the written consent of and  
14 subject to any terms and conditions prescribed by the Long Beach City Manager, acting with the  
15 approval of the State.

16 H. The City has negotiated with ARCO, ALBI and Oxy the terms and conditions upon which  
17 the Long Beach City Manager will consent to the Stock Transaction and release ARCO from its  
18 guarantee of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the  
19 Unit Operating Agreement. Those terms and conditions are set forth below. The State has given its  
20 approval to those terms and conditions.

21 Based on these factual recitals, the City, ARCO, ALBI and Oxy agree as follows:

22 1. The City is willing to consent and does consent to the Stock Transaction insofar as it  
23 affects the transfer of the ownership of ALBI from ARCO to Oxy (including the rights and  
24 obligations of ALBI as the holder of the Field Contractor and the Nonoperating Contractor interests  
25 under the Contractors' Agreement and the rights and obligations of ARCO under the Contractors'  
26 Agreement and the Optimized Waterflood Agreement) on the following terms and conditions:

27 a. All provisions of the Contractors' Agreement and the Optimized Waterflood  
28 Agreement and all amendments to the Contractors' Agreement and the Optimized Waterflood

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1 Agreement shall remain fully in force and in effect.

2 b. ALBI reaffirms all of its obligations under the Contractors' Agreement and the  
3 Optimized Waterflood Agreement, anything in any other agreements to which ARCO, ALBI  
4 and/or Oxy may be a party to the contrary notwithstanding.

5 c. Within sixty (60) days after the effective date of this Assignment Consent  
6 Agreement, ALBI, the City and the State shall vote for, approve of or consent to a Long  
7 Beach Unit Determination or Approval After Submission to the Participants (as defined in the  
8 Unit Agreement) for the installation of automatic shutdown valves on all four primary  
9 offshore oil lines, a total of eight valves. The installation shall be completed by July 1, 2001;  
10 provided, however, that this time may be extended so long as the installation process has  
11 proceeded and continues to proceed diligently. The cost of installing these valves shall be  
12 charged as Unit Expense to the Participants in the Long Beach Unit. This cost shall be a Base  
13 Cost, as defined in Article 1.02(f) of the Optimized Waterflood Agreement, and shall be  
14 accounted for as such under the terms of the Optimized Waterflood Agreement.

15 d. Within sixty (60) days after the effective date of this Assignment Consent  
16 Agreement, ALBI, the City and the State shall vote for, approve of or consent to a Long  
17 Beach Unit Determination or Approval After Submission to the Participants (as defined in the  
18 Unit Agreement) for a complete financial audit of Long Beach Unit operations which shall  
19 be performed jointly by the City and the State. The audit shall cover fiscal years 1998/1999  
20 and 1999/2000. The audit shall be completed by July 1, 2001; provided, however, that this  
21 time may be extended so long as the audit process has proceeded and continues to proceed  
22 diligently. The cost of the audit shall be charged as Unit Expense to the Participants in the  
23 Long Beach Unit.

24 e. A full field safety audit of the Long Beach Unit shall be conducted by the State's  
25 staff and its consultants; provided that Oxy shall have the right to approve such consultants,  
26 such approval not to be unreasonably withheld. The audit shall be completed by July 1, 2001;  
27 provided, however, that this time may be extended so long as the audit process has proceeded  
28 and continues to proceed diligently. The costs for this audit that are incurred by the State's

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staff and its consultants shall be reimbursed to the State by Oxy in an amount not to exceed \$500,000.

f. By giving its consent to the assignments of these interests, the City does not approve or give its consent to any of the provisions of the Stock Purchase Agreement between ARCO and Oxy or to the provisions of any other agreement by and among all or some of ARCO, ALBI and Oxy pertaining to these assignments.

g. Oxy fully guarantees and assumes full responsibility for the performance of all the obligations of ALBI as the Field Contractor and all Nonoperating Contractors under the Contractors' Agreement and all the obligations of ALBI as a Participant under the Unit Agreement and the Unit Operating Agreement, and agrees to be responsible for all of the obligations adhering to those interests, anything in any other agreements to which ARCO, ALBI and/or Oxy may be a party to the contrary notwithstanding.

2. ARCO shall not be released from its guarantees of ALBI's performance under the Contractors' Agreement, the Unit Agreement and the Unit Operating Agreement until the following conditions have been fulfilled:

a. The automatic shutdown valves are installed, as required by paragraph 1c above, to the satisfaction of the City and the State.

b. All issues raised in the financial audit of the Long Beach Unit, required by paragraph 1d above, are resolved to the satisfaction of the City, the State, ARCO, ALBI and Oxy or have been submitted to and resolved fully by binding arbitration.

c. All issues raised in the field safety audit of the Long Beach Unit, required by paragraph 1e above, are resolved to the satisfaction of the City, the State, ARCO, ALBI and Oxy or have been submitted to and resolved fully by binding arbitration.

d. Within thirty (30) days of the satisfactory completion or resolution of the three conditions precedent, as provided in subparagraphs 2a, 2b and 2c above, the City and the State shall provide written notice of such satisfactory completion or resolution to ALBI and ARCO.

e. On a date that is one hundred twenty (120) days following the date when all of the

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1 conditions in subparagraphs a, b and c of this paragraph 2 have been fulfilled, ARCO shall be  
2 released prospectively from its guarantor obligations under the Contractors' Agreement, the  
3 Unit Agreement and the Unit Operating Agreement, unless on or before that date, the Long  
4 Beach City Council or the California State Lands Commission, at a regularly scheduled  
5 meeting where a hearing is required to be given and evidence is required to be taken, finds  
6 that Oxy does not have the financial capability or has not demonstrated the operational  
7 capability or expertise to fulfill the responsibilities of the Field Contractor and Nonoperating  
8 Contractors under the Contractors' Agreement without the continuing guarantee of ARCO.  
9 ARCO, ALBI and /or Oxy may challenge the City Council's and the Commission's findings  
10 by filing in the Los Angeles County Superior Court, Central District, a petition for writ of  
11 mandate under section 1094.5 of the California Code of Civil Procedure, or any successor  
12 provision, within thirty (30) days of the decision of the City Council or the Commission,  
13 whichever is later.

14 3. This Assignment Consent Agreement shall be governed by the laws of the State of  
15 California.

16 4. This Assignment Consent Agreement may be executed in counterpart copies, and each  
17 executed counterpart copy shall have the same force and effect as an original and shall be enforceable  
18 to the same extent as if all parties had executed the same document.

19 5. This Assignment Consent Agreement shall be effective May 1, 2000.

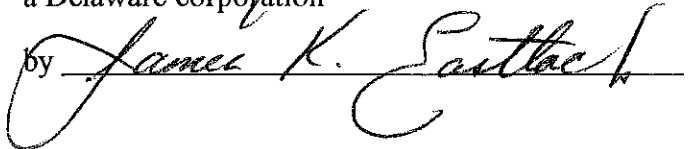
20 OCCIDENTAL PETROLEUM CORPORATION,  
a Delaware corporation

21 4/18, 2000 by 

22 ATLANTIC RICHFIELD COMPANY,  
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23 4/18, 2000 by 

24 ARCO LONG BEACH, INC.,  
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EXECUTED PURSUANT  
CITY OF LONG BEACH, TO SECTION 501 OF  
a municipal corporation THE CITY CHARTER,

4. 19., 2000

by *[Signature]*  
ASSISTANT City Manager

The foregoing Assignment Consent Agreement is approved as to form this 19<sup>th</sup> day of April, 2000.

ROBERT E. SHANNON, City Attorney  
by *[Signature]*  
RICHARD A. ALESSO, Deputy