

EXHIBIT A

W 12001

CITY OF LONG BEACH



DEPARTMENT

CHRISTOPHER J. GARNER
DIRECTOR

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March 3, 2011

REVISED

Mr. Greg Scott
Chief, Mineral Resources Management
California State Lands Commission
200 Oceangate, 12th Floor
Long Beach, CA 90802-4331

SUBJECT: **10th AMENDMENT TO THE LONG BEACH HARBOR TIDELANDS PARCEL AND PARCEL "A" OIL CONTRACT WITH CALIFORNIA STATE LANDS COMMISSION**

Dear Mr. Scott:

We are seeking to execute the 10th Amendment to the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract (Contract) with the California State Lands Commission, allowing for drilling of oil production wells from subject lands into adjacent West Wilmington oil producing areas. The subject lands are those lands described within the Contract, and lie south of Ocean Blvd. within the Harbor District of the City of Long Beach.

The original contract, executed in 1989, under Section 6.4, currently does not allow the City of Long Beach as Unit Operator (City) to drill oil producing wells from the subject lands 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, the City has limited areas to drill from within the Harbor District.

The City of Long Beach Harbor Department is currently developing and modifying some of the surface areas within the Harbor District. The two major projects under way are the replacement of the Gerald Desmond Bridge and the creation of the Middle Harbor container terminal. These two projects will cause approximately 60 wells to be replaced due to bridge footings, off ramps, and other facilities designed to be installed over existing oil operating areas. The cost of the replacement wells and associated facilities will be borne by the Harbor Department. Replacement wells will be completed into the same fault block and reservoir as the original well.

The 10th 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 allowing the City the ability to drill into areas that may not be accessible otherwise. Additionally, the 10th Amendment would allow for flexibility, cost savings, and optimization, increasing the maximum economic quantity of oil, gas and other hydrocarbon substances ultimately recoverable from the reservoirs.

The Long Beach City Council approved the Contract on December 7, 2010 (see enclosed council letter, minutes, and Contract). Final approval of the 10th Amendment to the Contract is conditional upon approval of the California State Lands Commission.

Sincerely,

A handwritten signature in black ink that reads "Christopher Garner".

CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:CPH:lld



December 7, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the 10th 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 10th 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 10th 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.

HONORABLE MAYOR AND CITY COUNCIL
December 7, 2010
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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:



PATRICK H. WEST
CITY MANAGER

Councilwoman Gabelich spoke.

A motion was made by Councilmember DeLong, seconded by Councilmember O'Donnell, to approve recommendation. The motion carried by the following vote:

Yes: 8 - Garcia, Lowenthal, DeLong, O'Donnell, Andrews, Johnson, Gabelich and Neal

Absent: 1 - Schipske

[see media](#)

29. [10-1297](#)

Recommendation to authorize City Manager to execute the 10th 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)

Councilmember O'Donnell spoke.

A motion was made by Councilmember DeLong, seconded by Councilmember Garcia, to approve recommendation. The motion carried by the following vote:

Yes: 8 - Garcia, Lowenthal, DeLong, O'Donnell, Andrews, Johnson, Gabelich and Neal

Absent: 1 - Schipske

NEW BUSINESS (6:12 PM)

[see media](#)

30. [10-1322](#)

Recommendation to respectfully request City Council to receive and file the Cambodia Water Festival Disaster and adopt a motion encouraging residents to support the Long Beach Chapter of People to People International Disaster Relief in support of the disaster victims.

Councilman Andrews spoke.

Representative from the Cambodian community spoke.

Councilmember O'Donnell spoke.

A motion was made by Councilman Andrews, seconded by Councilmember O'Donnell, to approve recommendation. The motion carried by the following vote:

Yes: 8 - Garcia, Lowenthal, DeLong, O'Donnell, Andrews, Johnson, Gabelich and Neal
