

**CALENDAR ITEM
C79**

A	70	06/19/14 W 12001 W 17166 J. Rader
S	33	A. Hager

CONSIDER A CONSENT TO ASSIGNMENT AND APPROVAL OF THE CITY OF LONG BEACH'S CONSENT TO ASSIGNMENT OF THE OIL AND GAS INTERESTS LOCATED IN THE CITY OF LONG BEACH TIDELANDS CURRENTLY HELD BY OCCIDENTAL PETROLEUM CORPORATION (OXY) AND PROPOSED TO BE ASSIGNED TO CALIFORNIA RESOURCES CORPORATION, A SEPARATE AND INDEPENDENTLY PUBLICLY TRADED COMPANY, LOS ANGELES COUNTY

APPLICANTS:

City of Long Beach
Attn: Mr. Christopher Garner, Director
Long Beach Gas and Oil Department
2400 East Spring Street
Long Beach, CA 90806

Occidental Petroleum Corporation
Attn: Frank Komin
111 West Ocean Blvd., #800
Long Beach, CA 90802

BACKGROUND:

Several subsidiaries of Occidental Petroleum Corporation (Oxy) are the contractors for the City of Long Beach (City) under the oil and gas operating contracts pursuant to which tidelands oil is produced from the Long Beach legislatively granted tidelands (Tract 1 of the Long Beach Unit (LBU) and the tidelands portion of West Wilmington) and the revenue generated from the production is paid by the contractors to the City. Although the lands and the minerals are legislatively granted to the City, the State shares in substantial portions of that revenue pursuant to the terms of the legislative granting statutes. See Ch. 676, Stat. 1911; Ch. 29, Stat. 1956, 1st E.S.; Ch. 138, Stat. 1964, 1st E.S.; Ch. 941, Stat. 1991; Ch. 1163, Stat. 1991; and, Ch. 446, Stat. 2008. There is also a state owned parcel, the Alamitos Bay parcel, which was committed in

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1965 to the LBU as Tract 2 as authorized by statute. Ch. 138, Stat. 1964, 1st E.S. Tract 2 is held by contract with the State by the same Oxy subsidiary that holds the contract for Tract 1 of the LBU. All three of these resources, Tract 1 and Tract 2 of the LBU and the tidelands portion of West Wilmington, are referred to as the "Long Beach tidelands."

Because of the State's substantial interests in the Long Beach tidelands oil production, the State, under the terms of the oil operating contracts, approves changes of ownership of these contractual interests to which the City has consented, and under two Long Beach tidelands oil contracts (the optimized waterflood contracts involving LBU and West Wilmington) is the sole consenting party. Under the Tract 2 contract, the State alone consents to any change in ownership. Oxy or an Oxy subsidiary guarantees the performance of the holders of the oil contract interests through a parental guaranty.

This past February, Oxy's Board of Directors authorized the separation of Oxy's California business into a separate and independent publicly traded company. This new company, California Resources Corporation (CRC), will be separated from Oxy following (1) regulatory approvals, including the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective, and (2) final approval of Oxy's Board of Directors. When separated, CRC will replace Oxy as the ultimate parent company with respect to Oxy's business in California, including all interests held by Oxy entities in the Long Beach tidelands. In addition, CRC will replace both Oxy and Oxy's subsidiary, Occidental Oil and Gas Holding Corporation (OOGHC), as guarantors of performance under Long Beach tidelands contracts. For reference purposes, the separation described above is referred to as "Oxy's spin-off."

The City and Oxy are seeking the approval of the State, acting through the California State Lands Commission (Commission), to the City's consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Oxy entities under City contracts to which the City must consent to a change of ownership. Oxy is also seeking the consent of the Commission to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Oxy entities under the optimized waterflood contracts and the Tract 2 contract where the State has the right of consent to a change of ownership. Finally, Oxy and OOGHC are seeking release from their guarantees of the performance of the Oxy entities holding the oil contracts when replaced by equally inclusive guarantees from CRC.

CRC has submitted to the Commission staff preliminary unaudited corporate and financial data. The staff has reviewed these data and has determined that CRC,

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when separated from Oxy with a net worth of at least one billion dollars, would possess the financial resources necessary to meet all of the obligations of all of the contracts that its subsidiaries will hold in the Long Beach tidelands. Staff has also concluded that CRC will have the technical expertise and the operational capabilities to carry out all the obligations of all the contractors under the Long Beach tidelands contracts because the entities and the personnel that now conduct the operations under these contracts will be the same. Because of this continuity in expertise and personnel, staff believes that the sound environmental record of Oxy in its Long Beach operations should also continue with CRC.

THE CONTRACTUAL INTERESTS TO BE SEPARATED FROM OXY AND HELD BY CRC:

The Long Beach tidelands contractual interests and the entities involved in the spin-off of Oxy's California business to CRC are set forth fully in the Assignment Consent Agreement and Consent to Assignment with the State which is substantially in the form attached as Exhibit A and the Assignment Consent Agreement with the City which is substantially in the form attached as Exhibit B. The contractual provisions providing for the Commission's consent, the City's consent and the Commission's approval of the City's consent are also set forth in these two agreements.

SIGNIFICANT CONDITIONS TO THE CONSENTS OF THE COMMISSION AND THE CITY:

Because CRC has not been separated and cannot be separated until after the Commission acts on Oxy's request for its consent and its approval of the City's consent, two significant conditions to the Commission's and the City's actions are contained in the consent agreements. First, the City's consents, the Commission's consents and its approvals of the City's consents are subject to CRC being separated from Oxy following the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective and final approval of Oxy's Board of Directors. Second, the Commission and the City shall not release any of the performance guarantees of Oxy and OOGHC until they have received the most recent pro forma balance sheet included in CRC's Registration Statement on Form 10 and declared effective by the United States Securities and Exchange Commission that reflects the net worth (total assets less total liabilities) of CRC to be in excess of One Billion Dollars (US).

STATUTORY AND OTHER REFERENCES:

1. Chapter 29, Statutes of 1956, 1st E.S., Chapter 138; Statutes of 1964, 1st E.S.; Chapter 941, Statutes of 1991; Chapter 1163, Statutes of 1991; Chapter 446, Statutes of 2008; Long Beach Harbor Tidelands Parcel and

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Parcel "A" Oil Contract, Section 34.

2. Article 25 of the Contractors' Agreement permits a contractor to assign its interest in the contract only after obtaining the written consent of and subject to any terms and conditions prescribed by the Long Beach City Manager, acting with the approval of the California State Lands Commission.
3. Article 19 of the Tract No. 2 Agreement permits the contractor to assign its interest in the contract only after obtaining the written consent of and subject to any terms and conditions prescribed by the California State Lands Commission.
4. Article 7.07 of the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit permits ARCO and ALBI to assign their rights and obligations under Article 2 of the Agreement (the provisions dealing with the implementation and continuing conduct of the Optimized Waterflood Program) only after securing the written consent of the California State Lands Commission.
5. Article 6.06 of the Agreement for Implementation of an Optimized Waterflood Program for the West Wilmington Oil Field permits Oxy and Tideland to assign their rights and obligations under Article 2 of the Agreement (the provisions dealing with the implementation and continuing conduct of the Optimized Waterflood Program) only after securing the written consent of the California State Lands Commission.

OTHER PERTINENT INFORMATION:

1. The City has consented to the transfers of the interests in the manner and subject to the conditions set forth in the City's Consent to Assignment attached as Exhibit B at its June 10, 2014 City Council meeting.
2. Currently, there is in progress a financial audit of the LBU expenditures made during the period of July 1, 2009 through June 30, 2011. Commission staff resolved a majority of the cost discrepancies initially identified with Oxy and the City during the audit process. Staff recently sent a letter to Oxy and the City that identified the remaining items to be addressed, with the majority related to allocation of costs among different Oxy assets managed out of Oxy's Long Beach office. To address these cost allocation concerns, Commission staff requested that Oxy/CRC and the City work with Commission staff to review and update as necessary how costs are allocated. With the proposed spin-off, this is an opportune time to conduct that review and make the appropriate changes. Oxy is

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currently reviewing staff's findings and has expressed its intent to work with the City and the Commission staff to resolve the outstanding issues.

The spin-off will not change the Contractor (Oxy Long Beach, Inc. (OLBI)), but instead affects the ownership of the company that owns OLBI. This means that regardless of the spin off, OLBI will still be liable for any payments that are owed as a result of the financial audit. In addition to the 2009-2011 audit of the LBU, there are other financial audits in progress or soon to be started involving LBU and West Wilmington operations, which will be covering periods prior to the proposed spin-off. Like at the LBU, the Contractor at West Wilmington (Tidelands Oil Production Company (Tidelands)) will remain the same after the spin-off, and the change will be in the ownership of the company that owns Tidelands. Commission staff understands that the spin-off is a transfer of both the assets and liabilities, which would include any potential monies owed. Oxy has confirmed staff's understanding and acknowledges that the spin-off will not limit the liability of either OLBI or Tidelands (Exhibit C).

3. The staff recommends that the Commission find that the subject transactions do not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBITS:

- A. State of California's Assignment Consent Agreement and Consent to Assignment.
- B. City of Long Beach's Consent to Assignment.
- C. Letter from Oxy relating to current financial audits.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the subject transactions are not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activities are not projects as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378

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AUTHORIZATION:

1. Approve the consent by the City of Long Beach to Oxy's spin-off of its California business to CRC insofar as it affects the transfer of ownership of Occidental Long Beach, Inc. (OLBI) from Oxy to CRC (including the rights and obligations of OLBI as the holder of the Field Contractor and Non-operating Contractor interests under the Contractors' Agreement and the rights and obligations of OLBI under the Unit Agreement and the Unit Operating Agreement and of Oxy and OLBI under the Optimized Waterflood Agreement that are premised on OLBI's holding of the Contractor interests in the Contractor's Agreement) as provided in the City's Assignment Consent Agreement, substantially in the form attached as Exhibit B.
2. Approve the City's release of Oxy's guarantee of OLBI's performance under the Contractors' Agreement, the Unit Agreement and the Unit Operating Agreement in return for an equally inclusive guarantee from CRC, as provided in the City's Assignment Consent Agreement, substantially in the form attached as Exhibit B.
3. Consent to Oxy's spin-off of its California business to CRC insofar as it affects the transfer of ownership of OLBI from Oxy to CRC (including the rights and obligations of OLBI as the holder of the Tract 2 Non-operating Contractor interest under the Tract 2 Agreement, the rights and obligations of OLBI under the Unit Agreement and the Unit Operating Agreement that are premised on OLBI's holding of the Non-operating Contractor interest under the Tract 2 Agreement and Oxy's and OLBI's rights and obligations under the Optimized Waterflood Agreement as provided in Article 7.07 of that agreement), as provided in the State's Assignment Consent Agreement and Consent to Assignment, substantially in the form attached as Exhibit A.
4. Consent to the release of Oxy's guarantee of OLBI's performance under the Tract 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement in return for an equally inclusive guarantee from CRC, as provided in the State's Assignment Consent Agreement and Consent to Assignment, substantially in the form attached as Exhibit A.
5. Consent to Oxy's spin-off of its California business to CRC insofar as it affects the transfer of ownership of Oxy Tidelands, Inc. and

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Oxy Wilmington, LLC, the general partners of Tidelands Oil Production Company (Tidelands) to CRC (including the rights and obligations of Tidelands as Contractor under the Tidelands Oil Contract and under the West Wilmington Optimized Waterflood Agreement as provided in Article 6.06 of that agreement), as provided in the State's Assignment Consent Agreement and Consent to Assignment, substantially in the form attached as Exhibit A.

6. Consent to the release of OOGHC's guarantee of Tideland's performance under the Tidelands Oil Contract in return for an equally inclusive guarantee from CRC, as provided in the State's Assignment Consent Agreement and Consent to Assignment, substantially in the form attached as Exhibit A.
7. All consents and approvals are subject to the conditions set forth in the Assignment Consent Agreement and Consent to Assignment (State) attached as Exhibit A.
8. Authorize the Executive Officer or her designee to execute on the Commission's behalf the Assignment Consent Agreement and Consent to Assignment (State) substantially in the form attached as Exhibit A and any other documents necessary to implement the Commission's action.

**ASSIGNMENT CONSENT AGREEMENT
AND CONSENT TO ASSIGNMENT**

This Assignment Consent Agreement and Consent to Assignment is entered into by and among Occidental Petroleum Corporation, a Delaware corporation (Oxy), Oxy Long Beach, Inc., a Delaware corporation (OLBI), Tidelands Oil Production Company, a Texas general partnership (Tidelands), by its general partners, Oxy Tidelands, Inc., a Delaware corporation (Oxy Tidelands) and Oxy Wilmington, LLC, a Delaware limited liability company (Oxy Wilmington), Occidental Oil and Gas Holding Corporation, a Delaware corporation (OOGHC), California Resources Corporation, a Delaware corporation (CRC), and the State of California, by and through the California State Lands Commission (State).

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

A. Effective April 1, 1965, the City of Long Beach (City) entered into the Contractors' Agreement, Long Beach Unit, Wilmington Oil Field (Contractors' Agreement) with a Field Contactor and several Non-operating Contractors providing for the development and operation of Tract 1 of the Long Beach Unit. OLBI is the holder of the Field Contractor's interest and all Non-operating Contractor interests under the Contractors' Agreement. OLBI is also a Participant as to Tract 1 under the Unit Agreement for the Long Beach Unit (Unit Agreement) and under the Unit Operating Agreement for the Long Beach Unit (Unit Operating Agreement) by virtue of the provisions of Article 2 of the Contractors' Agreement. Oxy is the guarantor of OLBI's performance under the Contractors' Agreement, the Unit Agreement and the Unit Operating Agreement.

B. Effective April 1, 1966, the State entered into the Tract No. 2 Agreement, Long Beach Unit, Wilmington Oil Field (Tract 2 Agreement) for the development of Tract 2 of the Long Beach Unit. OLBI is the holder of the Non-operating Contractor interest under the Tract 2 Agreement. OLBI is also a Participant as to Tract 2 under the Unit Agreement and the Unit Operating Agreement by virtue of the provisions of Article 2 of the Tract 2 Agreement. Oxy is the guarantor of OLBI's performance under the Tract 2 Agreement, the Unit Agreement and the Unit Operating Agreement.

C. Effective November 5, 1991, the City, the State and the predecessors to Oxy and OLBI under the Contractors' Agreement and the Tract 2 Agreement entered into the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit (Optimized Waterflood Agreement). Oxy and OLBI, as the current contractors under the Contractors' Agreement and Tract 2 Agreement, are parties to the Optimized Waterflood Agreement who have committed their expertise and a substantial sum of money to secure an increase in the oil production from the Long Beach Unit in return for a greater share of the net profits from any enhanced production. Oxy is the guarantor of OLBI's performance under the Optimized Waterflood Agreement as provided by Article 7.17 of that agreement.

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

E. Effective March 1, 1989, the City entered into the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract (Tidelands Oil Contract) with a Contractor to develop and operate the Long Beach Harbor Tidelands Parcel and Parcel "A" in the West Wilmington Oil Field pursuant to the Fault Block unit agreements and unit operating agreements and other agreements to which the City is a party. Tidelands is the holder of the Contractor interest under the Tidelands Oil Contract. OOGHC is the guarantor of Tidelands' performance under the Tidelands Oil Contract.

F. Effective July 1, 2012, the City, the State and Tidelands entered into the Agreement for Implementation of an Optimized Waterflood Program for the West Wilmington Oil Field (West Wilmington OWPA) pursuant to which Tidelands has committed its expertise and a substantial sum of money to secure an increase in the oil production from the West Wilmington oil field in return for a greater share of the net profits from any enhanced production.

G. On February 13, 2014, the Board of Directors of Oxy authorized the separation of Oxy's California business into a separate and independent publicly traded company. This new company, CRC, will be separated from Oxy following certain regulatory approvals, including the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective, and final approval of Oxy's Board of Directors. When separated, CRC will replace Oxy as the ultimate parent company with respect to Oxy's business in California, including all the interests currently held by Oxy entities in the Long Beach tidelands. As a result of this spin-off of Oxy's California business, OLBI will become a wholly owned subsidiary of CRC. THUMS will continue to be a wholly owned subsidiary of OLBI. Also as a result of this spin-off of Oxy's California business, Oxy Tidelands and Oxy Wilmington will be wholly owned by CRC. In addition, CRC will be the guarantor or responsible party under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement, the Tract 2 Agreement, the Optimized Waterflood Agreement and the Tidelands Oil Contract because of Oxy's spin-off of its California business.

H. Oxy and OLBI, on behalf of themselves and CRC, are requesting the City to consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Field Contractor and Non-operating Contractors under the Contractors' Agreement and the State to consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Contractor under the Tract 2 Agreement. In addition, Oxy and OLBI are seeking the State to consent under Article 7.07 of the Optimized Waterflood Agreement to Oxy's spin-off of its California business insofar as it affects the transfer of the obligations under or in respect of Article 2 of the Optimized Waterflood Agreement.

I. Oxy is requesting the City to release it from all of its responsibilities as guarantor of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement and the State to release Oxy from all of its responsibilities as guarantor of OLBI's performance under the Tract 2 Agreement, the Unit

Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement. Oxy's guarantee would be replaced with an equally inclusive guarantee from CRC.

J. Article 25 of the Contractors' Agreement permits any contractor to assign or otherwise dispose of its interest in the Contractors' Agreement only after obtaining the written consent of and subject to such terms and conditions as may be prescribed by the Long Beach City Manager, with the approval of the State.

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

L. Article 7.07 of the Optimized Waterflood Agreement permits Oxy and OLBI to transfer their rights and obligations under or in respect of Article 2 of the Optimized Waterflood Agreement (the provisions dealing with the implementation and continuing conduct of the optimized waterflood program) only after securing the written consent of the State.

M. Tidelands, by its general partners Oxy Tidelands and Oxy Wilmington, on behalf of itself and CRC, is requesting the City and the State to consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Contractor under the Tidelands Oil Contract. In addition, Tidelands is seeking the State's consent under Section 6.06 of the West Wilmington OWPA to Oxy's spin-off of its California business insofar as it affects the transfer of the obligations under or in respect of Article 2 of the West Wilmington OWPA.

N. OOGHC is requesting the City and the State to release it from all of its responsibilities as guarantor of Tidelands' performance under the Tidelands Oil Contract. OOGHC's guarantee would be replaced with an equally inclusive guarantee from CRC.

O. Article 34 of the Tidelands Oil Contract permits the Contractor to assign or otherwise dispose of its interest in the Tidelands Oil Contract only after obtaining the written consent of and subject to such terms and conditions as may be prescribed by the Long Beach City Manager and the State.

P. Section 6.06 of the West Wilmington OWPA permits Tidelands to transfer its rights and obligations under or in respect of Article 2 of the West Wilmington OWPA (the provisions dealing with the implementation and continuing conduct of the optimized waterflood program) only after securing the written consent of the State.

Q. The City has negotiated with Oxy and OLBI the terms and conditions upon which the Long Beach City Manager will consent to Oxy's spin-off of its California business and release Oxy from its guarantee of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement. Those terms and conditions are set forth in the Assignment Consent Agreement among the City, Oxy, OLBI, Tidelands, OOGHC and CRC.

R. The State has negotiated with Oxy, OLBI, Tidelands and OOGHC the terms and conditions upon which it will consent to Oxy's spin-off of its California business and release

Oxy from its guarantee of OLBI's performance under the Tract 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement and release OOGHC from its guarantee of Tidelands' performance under the Tidelands Oil Contract. Those terms and conditions are set forth below.

Based on these factual recitals, the State, Oxy, OLBI, Tidelands, OOGHC and CRC agree as follows:

1. The State is willing to give and does give its approval to the Long Beach City Manager's consent to Oxy's spin off of its California business to CRC insofar as it affects the transfer of ownership of OLBI from Oxy to CRC (including the rights and obligations of OLBI as the holder of the Field Contractor and Non-operating Contractor interests under the Contractors' Agreement and the rights and obligations of OLBI under the Unit Agreement and the Unit Operating Agreement and of Oxy and OLBI under the Optimized Waterflood Agreement that are premised on OLBI's holding of the Contractor interests in the Contractors' Agreement), as provided in the Assignment Consent Agreement with the City. The State is also willing to give and does give its approval to the Long Beach City Manager's release of Oxy's guarantee of OLBI's performance under the Contractors' Agreement, the Unit Agreement and the Unit Operating Agreement in return for an equally inclusive guarantee from CRC, as provided in the Assignment Consent Agreement with the City.

2. The State is willing to consent and does consent to Oxy's spin off of its California business to CRC insofar as it affects the transfer of ownership of OLBI from Oxy to CRC (including the rights and obligations of OLBI as the holder to the Tract 2 Non-operating Contractor interest under the Tract 2 Agreement, the rights and obligations of OLBI under the Unit Agreement and Unit Operating Agreement that are premised on OLBI's holding of the Non-operating Contractor interest under the Tract 2 Agreement and Oxy's and OLBI's rights and obligations under the Optimized Waterflood Agreement as provided in Article 7.07 of that agreement). The State is also willing to consent and does consent to the release of Oxy's guarantee of OLBI's performance under the Tract 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement in return for an equally inclusive guarantee from CRC.

3. The State is willing to consent and does consent to Oxy's spin off of its California business to CRC insofar as it affects the transfer of ownership of Oxy Tidelands and Oxy Wilmington, the general partners of Tidelands, to CRC (including the rights and obligations of Tidelands as Contractor under the Tidelands Oil Contract and under the West Wilmington OWPA as provided in Article 6.06 of that agreement). The State is also willing to consent and does consent to the release of OOGHC's guarantee of Tidelands' performance under the Tidelands Oil Contract in return for an equally inclusive guarantee from CRC.

4. The State's consents given above are based upon the following terms and conditions:

a. CRC is separated from Oxy following the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective and final approval of Oxy's Board of Directors.

b. All provisions of the Contractors' Agreement, the Tract 2 Agreement, the Optimized Waterflood Agreement, the Tidelands Oil Contract, the West Wilmington OWPA, and all amendments to these agreements, shall remain fully in force and effect.

c. OLBI reaffirms all of its obligations under the Contractors' Agreement, the Tract 2 Agreement and the Optimized Waterflood Agreement, and Tidelands reaffirms all of its obligations under the Tidelands Oil Contract and the West Wilmington OWPA, anything in any other agreements to which Oxy, OLBI, Oxy Tidelands, Oxy Wilmington or Tidelands may be a party notwithstanding.

d. CRC fully guarantees and assumes full responsibility for the performance of the obligations of OLBI as the Tract 2 Non-operating Contractor under the Tract 2 Agreement, all the obligations of OLBI as a Participant under the Unit Agreement and Unit Operating Agreement, all the obligations of OLBI under or in respect of Article 2 of the Optimized Waterflood Agreement, and all the obligations of Tidelands under the Tidelands Oil Contract, and agrees to be responsible for all of the obligations adhering to those interests, anything in any other agreements to the contrary notwithstanding.

5. The State shall hereby release Oxy from its guarantees of OLBI's performance under the Tract 2 Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement and shall release OOGHC from its guarantee of Tidelands' performance under the Tidelands Oil Contract upon the State's receipt of the most recent pro forma balance sheet included in CRC's Registration Statement on Form 10 and declared effective by the United States Securities and Exchange Commission that reflects the net worth (total assets less total liabilities) of CRC to be in excess of One Billion Dollars (US).

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

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

8. This Assignment Consent Agreement and Consent to Assignment shall be effective July 1, 2014.

DATED: _____

STATE OF CALIFORNIA, by and through
the California State Lands Commission

By _____
JENNIFER LUCCHESI
Executive Officer

DATED: _____

OCCIDENTAL PETROLEUM CORPORATION,
a Delaware corporation

By _____
VICKI A. HOLLUB
Vice President

DATED: _____

OXY LONG BEACH, INC.,
a Delaware corporation

By _____
FRANK E. KOMIN
President

DATED: _____

OXY TIDELANDS, INC.,
a Delaware corporation

By _____
FRANK E. KOMIN
President and General Manager

DATED: _____

OXY WILMINGTON, LLC,
a Delaware limited liability company

By _____
FRANK E. KOMIN
President and General Manager

DATED: _____

OCCIDENTAL OIL AND GAS HOLDINGS
CORPORATION,
a Delaware corporation

By _____
VICKI A. HOLLUB
Executive Vice President - U.S. Operations,
Oxy Oil and Gas

DATED: _____

CALIFORNIA RESOURCES CORPORATION,
a Delaware corporation

By _____
TODD A. STEVENS
Executive Vice President

EXHIBIT B

W 17166

ASSIGNMENT CONSENT AGREEMENT

This Assignment Consent Agreement is entered into by and among Occidental Petroleum Corporation, a Delaware corporation (Oxy), Oxy Long Beach, Inc., a Delaware corporation (OLBI), Tidelands Oil Production Company, a Texas general partnership (Tidelands), by its general partners, Oxy Tidelands, Inc., a Delaware corporation (Oxy Tidelands) and Oxy Wilmington, LLC, a Delaware limited liability company (Oxy Wilmington), Occidental Oil and Gas Holding Corporation, a Delaware corporation (OOGHC), California Resources Corporation, a Delaware corporation (CRC), and the City of Long Beach, a municipal corporation (City).

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

A. Effective April 1, 1965, the City entered into the Contractors' Agreement, Long Beach Unit, Wilmington Oil Field (Contractors' Agreement) with a Field Contractor and several Non-operating Contractors providing for the development and operation of Tract 1 of the Long Beach Unit. OLBI is the holder of the Field Contractor's interest and all Non-operating Contractor interests under the Contractors' Agreement. OLBI is also a Participant as to Tract 1 under the Unit Agreement for the Long Beach Unit (Unit Agreement) and under the Unit Operating Agreement for the Long Beach Unit (Unit Operating Agreement) by virtue of the provisions of Article 2 of the Contractors' Agreement. Oxy is the guarantor of OLBI's performance under the Contractors' Agreement, the Unit Agreement and the Unit Operating Agreement.

B. Effective November 5, 1991, the City, the State of California, by and through the California State Lands Commission (State), and the predecessors to Oxy and OLBI under the Contractors' Agreement entered into the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit (Optimized Waterflood Agreement). Oxy and OLBI, as the current contractors under the Contractors' Agreement, are parties to the Optimized Waterflood Agreement who have committed their expertise and a substantial sum of money to secure an increase in the oil production from the Long Beach Unit in return for a greater share of the net profits from any enhanced production. Oxy is the guarantor of OLBI's performance under the optimized Waterflood Agreement as provided by Article 7.17 of that agreement.

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

D. Effective March 1, 1989, the City entered into the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract (Tidelands Oil Contract) with a Contractor to develop and operate the Long Beach Harbor Tidelands Parcel and Parcel "A" in the West Wilmington oil field pursuant to the Fault Block unit agreements and unit operating agreements and other agreements to which the City is a party. Tidelands is the holder of the Contractor interest under the Tidelands Oil Contract. OOGHC is the guarantor of Tidelands' performance under the Tidelands Oil Contract.

E. Effective September 1, 1994, the City entered into the Amended and Restated Field Contractor Agreement (Harbor Department – Segment 2) (Harbor Field Contractor Agreement) with a Contractor to develop and operate unitized and non-unitized City uplands parcels within the area of the Long Beach Harbor in the West Wilmington oil field. Tidelands is the holder of the Contractor interest under the Harbor Field Contractor Agreement. OOGHC is the guarantor of Tidelands' performance under the Harbor Field Contractor Agreement.

F. Effective January 1, 2010, the City and Tidelands entered into the Agreement for Implementation of an Optimized Waterflood Program for the West Wilmington Oil Field – Port of Long Beach (Port OWPA) pursuant to which Tidelands has committed its expertise and a substantial sum of money to secure an increase in the oil production from the West Wilmington oil field in return for a greater share of the net profits from any enhanced production.

G. Effective November 1, 2012, the City and Tidelands entered into the Agreement for Implementation of an Optimized Waterflood Program for the City of Long Beach's Uplands Interest in the West Wilmington Oil Field (City Uplands OWPA) pursuant to which Tidelands has committed its expertise and a substantial sum of money to secure an increase in the oil production from the West Wilmington oil field in return for a greater share of the net profits from any enhanced production.

H. On February 13, 2014, the Board of Directors of Oxy authorized the separation of Oxy's California business into a separate and independent publicly traded company. This new company, CRC, will be separated from Oxy following certain regulatory approvals, including the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective, and final approval of Oxy's Board of Directors. When separated, CRC will replace Oxy as the ultimate parent company with respect to Oxy's business in California, including all the interests currently held by Oxy entities in the Long Beach tidelands and in the Harbor area uplands. As a result of this spin-off of Oxy's California business, OLBI will become a wholly owned subsidiary of CRC. THUMS will continue to be a wholly owned subsidiary of OLBI. Also as a result of this spin off of Oxy's California business, Oxy Tidelands and Oxy Wilmington will be wholly owned by CRC. In addition, CRC will be the guarantor or responsible party under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement, the Optimized Waterflood Agreement, the Tidelands Oil Contract and the Harbor Field Contractor Agreement because of Oxy's spin-off of its California business.

I. Oxy and OLBI, on behalf of themselves and CRC, are requesting the City to consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Field Contractor and Non-operating Contractors under the Contractors' Agreement.

J. Oxy is requesting the City to release it from all of its responsibilities as guarantor of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement. Oxy's guarantee would be replaced with an equally inclusive guarantee from CRC.

K. Article 25 of the Contractors' Agreement permits any contractor to assign or otherwise dispose of its interest in the Contractors' Agreement only after obtaining the written

consent of and subject to such terms and conditions as may be prescribed by the Long Beach City Manager, with the approval of the State.

L. Tidelands, by its general partners Oxy Tidelands and Oxy Wilmington, on behalf of itself and CRC, is requesting the City to consent to Oxy's spin-off of its California business insofar as it affects the rights and obligations of the Contractor under the Tidelands Oil Contract and the Contractor under the Harbor Field Contractor Agreement, the Port OWPA and the City Uplands OWPA.

M. OOHGC is requesting the City to release it from all of its responsibilities as guarantor of Tidelands' performance under the Tidelands Oil Contract and the Harbor Field Contractor Agreement. OOHGC's guarantees would be replaced with equally inclusive guarantees from CRC.

N. Article 34 of the Tidelands Oil Contract permits the Contractor to assign or otherwise dispose of its interest in the Tidelands Oil Contract only after obtaining the written consent of and subject to such terms and conditions as may be prescribed by the Long Beach City Manager and the State.

O. Section 14 of the Harbor Field Contractor Agreement permits the Contractor to assign the Harbor Field Contractor Agreement only after obtaining the written consent of and subject to the terms and conditions as may be prescribed by the City.

P. Section 4.06 of both the Port OWPA and the City Uplands OWPA permits Tidelands to transfer its rights and obligations under or in respect of Article 2 of these agreements (the provisions dealing with the implementation and continuing conduct of the optimized waterflood program) only after securing the written consent of the City.

Q. The City has negotiated with Oxy and OLBI the terms and conditions upon which the Long Beach City Manager will consent to Oxy's spin-off of its California business and release Oxy from its guarantee of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement. These terms and conditions are set forth below, and the State has given them its approval. The City has negotiated with Tidelands and OOGHC the terms and conditions upon which the Long Beach City Manager will consent to Oxy's spin-off of its California business and release OOGHC from its guarantees of Tidelands' performance under the Tidelands Oil Contract and the Harbor Field Contractor Agreement. The City also has negotiated with Tidelands the terms and conditions upon which it will consent to Oxy's spin-off of its California business under the Port OWPA and the City Uplands OWPA. Those terms and conditions are set forth below.

Based on these factual recitals, the City, Oxy, OLBI, Tidelands, OOGHC and CRC agree as follows:

1. The City is willing to consent and does consent to Oxy's spin-off of its California business insofar as it affects the transfer of ownership of OLBI from Oxy to CRC (including the rights and obligations of OLBI as the holder of the Field Contractor and the Non-operating Contractor interests under the Contractors' Agreement and the rights and obligations of OLBI

under the Unit Agreement and the Unit Operating Agreement and of Oxy and OLBI under the Optimized Waterflood Agreement that are premised on OLBI's holding of the Contractor interests in the Contractors' Agreement). The City is also willing to consent and does consent to the release of Oxy's guarantee of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement in return for an equally inclusive guarantee from CRC.

2. The City is willing to consent and does consent to Oxy's spin-off of its California business insofar as it affects the transfer of ownership of Oxy Tidelands and Oxy Wilmington, the general partners of Tidelands, to CRC (including the rights and obligations of Tidelands under the Tidelands Oil Contract, the Harbor Field Contractor Agreement, the Port OWPA and the City Uplands OWPA). The City is also willing to consent and does consent to the release of OOGHC's guarantee of Tidelands' performance under the Tidelands Oil Contract and the Harbor Field Contractor Agreement in return for an equally inclusive guarantee from CRC.

3. The City's consents given above are based upon the following terms and conditions:

a. CRC is separated from Oxy following the declaration of the United States Securities and Exchange Commission that CRC's Registration Statement on Form 10 is effective and final approval of Oxy's Board of Directors.

b. All provisions of the Contractors' Agreement, the Optimized Waterflood Agreement, the Tidelands Oil Contract, the Harbor Field Contractor Agreement, the Port OWPA and the City Uplands OWPA, and all amendments to these agreements, shall remain fully in force and effect.

c. OLBI reaffirms all of its obligations under the Contractors' Agreement and the Optimized Waterflood Agreement, and Tidelands reaffirms all of its obligations under the Tidelands Oil Contract, the Harbor Field Contractor Agreement, the Port OWPA and the City Uplands OWPA, anything in any other agreements to which Oxy, OLBI, Oxy Tidelands, Oxy Wilmington or Tidelands may be a party notwithstanding.

d. CRC fully guarantees and assumes full responsibility for the performance of the obligations of OLBI as the Field Contractor and all Non-operating Contractors under the Contractors' Agreement, all the obligations of OLBI as a Participant under the Unit Agreement and Unit Operating Agreement, all the obligations of OLBI under or in respect of Article 2 of the Optimized Waterflood Agreement, all the obligations of Tidelands under the Tidelands Oil Contract and all the obligations of Tidelands under the Harbor Field Contractor Agreement, and agrees to be responsible for all of the obligations adhering to these interests, anything in any other agreements to the contrary notwithstanding.

4. The City shall hereby release Oxy from its guarantees of OLBI's performance under the Contractors' Agreement, the Unit Agreement, the Unit Operating Agreement and the Optimized Waterflood Agreement and shall release OOHGC from its guarantees of Tidelands' performance under the Tidelands Oil Contract and the Harbor Field Contractor Agreement upon the City's receipt of the most recent pro forma balance sheet included in CRC's Registration

Statement on Form 10 and declared effective by the United States Securities and Exchange Commission that reflects the net worth (total assets less total liabilities) of CRC to be in excess of One Billion Dollars (US).

5. This Assignment Consent Agreement shall be governed by the laws of the State of California.

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

7. The Assignment Consent Agreement shall be effective July 1, 2014.

DATED: _____

CITY OF LONG BEACH,
a municipal corporation

By _____
PATRICK H. WEST
City Manager

DATED: _____

OCCIDENTAL PETROLEUM CORPORATION,
a Delaware corporation

By _____
VICKI A. HOLLUB
Vice President

DATED: _____

OXY LONG BEACH, INC.,
a Delaware corporation

By _____
FRANK E. KOMIN
President

DATED: _____

OXY TIDELANDS, INC.,
a Delaware corporation

By _____
FRANK E. KOMIN
President and General Manager

DATED: _____

OXY WILMINGTON, LLC,
a Delaware limited liability company

By _____
FRANK E. KOMIN
President and General Manager

DATED: _____

OCCIDENTAL OIL AND GAS HOLDINGS
CORPORATION,
a Delaware corporation

By _____
VICKI A. HOLLUB
Executive Vice President - U.S. Operations,
Oxy Oil and Gas

DATED: _____

CALIFORNIA RESOURCES CORPORATION,
a Delaware corporation

By _____
TODD A. STEVENS
Executive Vice President

EXHIBIT C

W 17166



P.O. Box 2900
LONG BEACH, CA 90801
111 WEST OCEAN BOULEVARD, SUITE 800
LONG BEACH, CA 90802
TELEPHONE (562) 624-3400
FACSIMILE (562) 624-3295

May 28, 2014

Ms. Jennifer Lucchesi, Executive Officer
100 Howe Ave., Suite 100 South
Sacramento, CA 95825-8202

Dear Ms. Lucchesi,

As you know, Occidental Petroleum Corporation is moving closer to separating its California assets into an independent company that will be called California Resources Corporation. We want to assure you that if it is ultimately determined that Oxy Long Beach, Inc. (OLBI) for THUMS or Tidelands Oil Production Company (Tidelands) owes the State Lands Commission money as a result of a financial audit that the SLC conducts, OLBI or Tidelands shall be responsible for reimbursing the State, regardless of whether the California spin off has occurred.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank E. Komin", written over a horizontal line.

Frank E. Komin
President / General Manager

cc: Jessica Radar