AMENDMENT TO THE AGREEMENT FOR IMPLEMENTATION OF AN OPTIMIZED WATERFLOOD PROGRAM FOR THE LONG BEACH UNIT

THIS AMENDMENT TO THE AGREEMENT FOR IMPLEMENTATION OF AN OPTIMIZED WATERFLOOD PROGRAM FOR THE LONG BEACH UNIT (this "Amendment") is made and entered into as of the ______ day of December, 2008, by and among the State of California (the "State"), by and through the State Lands Commission (the "SLC"), the City of Long Beach (the "City"), and Oxy Long Beach, Inc. ("OLBI"), collectively referred to herein as the "Parties."

RECITALS

- A. Pursuant to Section 1 of Chapter 941 of the Statutes of 1991, the Parties or their predecessors in interest entered into the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, dated as of November 5, 1991 (the "OWPA") which, inter alia, provides for the Parties to implement an optimized waterflood program in the Long Beach Unit ("LBU").
- B. The Parties believe that it is in their respective interests for OLBI to explore the viability of other methods of enhanced oil recovery that could potentially increase the volume of oil recovered from the LBU. If realized, the increased production would benefit all of the stakeholders in the LBU, as well as the State, which has the largest financial interest in the LBU.
- C. The California legislature has enacted enabling legislation to authorize this Amendment on behalf of the State in order to allow OLBI and the City to use other means of enhanced oil recovery at the LBU.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

- 1. <u>Defined Terms</u>: All terms defined in or for purposes of the LBU Agreements shall have the same meanings as used in this Amendment.
- 2. <u>Use of Enhanced Oil Recovery</u>. Notwithstanding anything to the contrary in the OWPA, OLBI, pursuant to the terms and conditions set forth in the OWPA, may use all types of enhanced oil recovery consistent with good oil field practice in order to increase oil recovery in the course of implementing the optimized waterflood program for the LBU.
- 3. <u>Enabling Legislation</u>. The legislation attached hereto as Exhibit I (the "Enabling Legislation") adopted by the California Legislature and approved by the Governor of the State of California authorizes the State to enter into this Amendment. The Enabling

Legislation shall be deemed to be a part of this Amendment and is hereby incorporated herein by reference.

- 4. <u>Effectiveness of this Amendment</u>. This Amendment shall become effective upon the date that is executed by all the Parties.
- 5. <u>Full Force and Effect.</u> Except as modified hereby, the OWPA remains in full force and effect.

IN WITNESS WHEREOF, each of the following Parties has executed this Amendment upon the date set forth opposite its name.