

CITY OF LONG BEACH

REPORT REGARDING ARTICLE 9 (b) AND (c)
OF THE
CONTRACTORS' AGREEMENT

2006

November 30, 2007

CITY OF LONG BEACH
333 West Ocean Boulevard
Long Beach, California 90802

We have applied certain procedures, described herein, to the accounting records of certain oil companies for the calendar year 2006, for the purpose of reviewing the valuation of oil under Article 9 of the Contractors' Agreement, Long Beach Unit, Wilmington Oil Field, California, effective April 1, 1965, between the City of Long Beach (City), the Field Contractor and the nonoperating contractors (Agreement) (see Section 2 of the accompanying report, Background and Pertinent Provisions of Contractors' Agreement). These procedures were agreed to by the City solely to assist the City and the State of California (State) in evaluating the valuation of oil under Article 9 of the Agreement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described herein, either for the purpose for which this report has been requested or for any other purpose. Our procedures, limitations on our procedures, assumptions and interpretations, and findings appear in the accompanying report.

Because our procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items herein. In connection with our procedures, we calculated the adjustments listed in Section 6 of this report. The total amount of such adjustments does not include additional amounts, if any, that may have resulted had certain limitations not been placed on our procedures as listed in Section 4 of the accompanying report.

This report is intended solely for the information and use of the City and the State and is not intended to be used by anyone other than those specified parties. Additionally, our report was prepared to assist you in evaluating the valuation of oil under Article 9 of the Agreement, and our report is not to be used for any other purpose. Further, certain portions of our report contain information which might be viewed as proprietary or confidential in nature. Accordingly, any use of the information which may be viewed as proprietary or confidential in nature, contained herein and/or in any underlying documents, must be authorized by counsel for the City and the State.

Edward White & Co, LLP

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1 - EXECUTIVE SUMMARY

1.1

This summary provides the highlights of our report, the details of which are contained in Sections 2 through 6.

Section 6(A), page 6.1, contains a summary of the Article 9(e) adjustment under Article 9(b) (3) and (4) which is \$11,860,068 for 2006, as compared to \$15,986,092 for 2005. The following is a comparison of the 2006 and 2005 Article 9(b) (3) and (4) adjustments by category:

	<u>2006</u>	<u>2005</u>
OXY Sales at Premiums (1)	\$10,201,153	\$13,928,741
TOPKO Sales to Paramount and Shell (2)	2,072,332	2,863,135
Sell-Off Sales at Stated Premiums	946,239	1,586,755
Other (Purchases Buy Sells) (3)	<u>973,330</u>	<u>744,089</u>
	14,193,054	19,122,720
Adjustment for Sell-Off Barrels and Contractor's Net Profits	(<u>2,332,986</u>)	(<u>3,136,628</u>)
Total Adjustments	<u>\$11,860,068</u>	<u>\$15,986,092</u>

(1) During 2006, OXY sold a total of 8,901,306 barrels. Of those barrels, 4,533,385 were excluded from the average premium calculation because for all twelve months of 2006 the price of these barrels sold to ConocoPhillips was dependent on the final Article 9 price in accordance with contract 100058 with ConocoPhillips. The remaining 4,367,921 barrels were sold with an average contract premium of \$1.01 per barrel. See exhibit B-1.4 for an analysis of OXY's effective premium received during 2006.

During 2005, OXY sold a total of 9,142,450 barrels. Of those barrels, 4,314,770 were sold to purchasers other than ConocoPhillips at an average of \$0.84 per barrel contract premium. 4,827,680 barrels were sold to ConocoPhillips. For seven months of 2005, the price of the ConocoPhillips barrels was dependent on the final Article 9 price in accordance with the contract with ConocoPhillips; therefore, these barrels were excluded from the average premium calculation.

(2) During 2006, 2,687,202 barrels were sold at a weighted average premium of \$1.20 per barrel compared to 2,749,582 barrels sold in 2005 at a weighted average premium of \$1.47 per barrel. This represents a premium decrease of 18.4% and a volume decrease of approximately 2.3%.

(3) Effective October 25, 2004, the City of Long Beach entered into an agreement with TOPKO to market and sell oil on behalf of the Townlot Working Interest Owners who do not dispose of their own oil. Pursuant to this agreement, during 2006, 1,034,045 barrels were sold at an average premium of \$1.441 per barrel premium compared to 1,040,038 barrels sold in 2005 at an average premium of \$0.939 per barrel premium.

Based on the review and analysis performed as set forth in Section 3, there have been no Article 9(c) adjustments for the year. For a period during 1994 and 1995 ARCO entered into a series of related agreements with Unocal whereby Unocal sold West Texas Intermediate (WTI) oil to ARCO at Cushing, Oklahoma and ALBI sold to Unocal Wilmington oil at posted prices without premiums. There have been no transactions of this kind noted since February 1995.

As a part of our review and analysis we developed a database detailing various price differentials from transactions involving Wilmington oil during 2006. Details of these differentials are included in Exhibit H.

Section 6(D), page 6.2, highlights ALBI/OXY's treatment of oil allocated to them under the Contractors' Agreement.

2 - BACKGROUND AND PERTINENT PROVISIONS OF CONTRACTORS' AGREEMENT

2.1

The City of Long Beach (City) is the Unit Operator of the Long Beach Unit (LBU). The LBU consists of 6,479 productive unitized acres of the Wilmington Oil Field, comprised of certain tidelands conveyed to the City in trust for the State of California (State) (Tract No. 1), the offshore Alamitos Beach Park Lands, owned by the State (Tract No. 2), and certain onshore property in the City, owned by various interests (Townlot Tracts). This acreage was combined to form the LBU under the Unit Agreement effective April 1, 1965.

In 1965, the City entered into an agreement (the Contractors' Agreement) with Texaco, Inc. (Texaco), Exxon U.S.A. (Exxon), Unocal Corporation (Unocal), Mobil Oil Corporation (Mobil) and Shell Oil Company (Shell), referred to collectively as the "Field Contractor," for the day-to-day operations of the LBU. The Field Contractor operates under the name of THUMS Long Beach Company (THUMS). The Contractors' Agreement provides for the allocation of production from the LBU Tract No. 1 of 80 percent to the Field Contractor and 20 percent to the nonoperating contractors. Texaco, Unocal, Shell (effective December 31, 1989), Mobil (effective July 31, 1991) and Exxon (effective December 31, 1991) assigned their interests in the Contractors' Agreement to ARCO. Hondo Oil and Gas (Hondo) and Golden West Refinery Company (Golden West) were other parties (nonoperating contractors) to the agreement. Both Hondo and Golden West assigned their interests in the Contractors' Agreement to ARCO effective August 31, 1994 and March 3, 1995, respectively.

In May 1994, the City/State entered into an agreement with ARCO (Settlement Agreement), effective January 1, 1993. This Agreement helped to clarify and further modify the application of the Article 9 pricing provisions. The impact of this Agreement on the 2006 Article 9(e) review and adjustment is highlighted on page 6.3.

Effective October 1, 1999 ARCO sold 100 percent of its subsidiary, ARCO Long Beach, Inc. (ALBI) which owns 100 percent of the Field Contractor, THUMS, to Occidental Petroleum Corporation. Subsequent to the sale, ALBI became Occidental Long Beach Inc., (OXY). Such sale and assignment was approved by the State and City under the terms of the Assignment Consent Agreement dated May 1, 2000.

2 - BACKGROUND AND PERTINENT PROVISIONS OF CONTRACTORS' AGREEMENT (CONTINUED)

2.2

The provisions in the Contractors' Agreement relating to contractors' net profits, contractors' payments to the City, and valuation of oil are briefly outlined as follows:

Article 4 establishes for each contractor credits and charges to each contractor's net profit account and the computation of net profits attributable to each contractor.

Articles 5 and 6 describe the method of monthly payments of the contractor's current operating profit to the City.

Article 9(b) and (c) set forth the methods of valuation for oil allocated to the Field Contractor and nonoperating contractors.

Article 9(b) states, in part, the following:

The Value of Oil Allocated to each Contractor as to each delivery thereof shall be established in accordance with one of the following three (3) standards, whichever shall be highest:

1. The arithmetic average of the prices posted in the Field (Wilmington) by Continuing Purchasers for oil of like gravity during the month the oil to be valued is run into the Contractor's or nominee's tanks and/or pipelines (weighted, in the event of a price change during such month, as to each Continuing Purchaser in accordance with the number of days each such price was posted during such month).
2. The arithmetic average of the prices posted in the Named Fields (or in such of them in which there are prices posted by one or more Continuing Purchasers) by Continuing Purchasers for oil of like gravity during the month the oil to be valued is run into the Contractor's or nominee's tanks and/or pipelines (weighted in the event of a price change during such month, as to each Continuing Purchaser and as to its posting in each field, in accordance with the number of days each such price was posted during such month). The Named Fields are Wilmington, Huntington Beach, Inglewood and Signal Hill.
3. The weighted average of the Prices Paid by Substantial Purchasers for Purchases of Oil in the Field for oil of like gravity during the calendar month in which the oil to be valued is run into the Contractor's or nominee's tanks and/or pipelines.

2 - BACKGROUND AND PERTINENT PROVISIONS OF CONTRACTORS'
AGREEMENT (CONTINUED)

2.3

Article 9(c) states, in part, the following:

If any Contractor or any of the Persons having an Interest in any Contractor acquires oil in the Field from any other Person either by a Purchase of Oil or by an exchange of oil for other Oil or Gas or other products extracted or manufactured from Oil or Gas or for other property or services, at a price or other consideration per barrel higher than the valuation for such oil, calculated in accordance with Section 9(b) hereof, the Value of Oil Allocated to such Contractor shall include, in addition to its value computed in accordance with Section 9(b) hereof, a further amount computed as follows:

Such further amount shall be calculated for each day such Person making such purchase or exchange receives such purchased or exchanged oil into its tanks and/or pipelines by first valuing such Person's share of the Oil Allocated to such Contractor on such day in accordance with the price or other consideration paid for oil of like gravity to such other Person in the Field and then subtracting the value of such Person's share of such oil computed in accordance with Section 9(b) hereof.

Articles 9(d) and 21 authorize representatives of the City or the State to inspect, examine or audit the records of each contractor.

Article 9(e) provides for adjustments to be made under Article 9 within nine months after the close of the calendar year.

Planning and Preparation

A. General

1. We prepared preliminary control logs, utilizing 2005 and 2006 information, for testing the population of contracts and ledgers supplied by OXY.
2. We reviewed spot market prices and Article 9(b) (1) and (2) prices for 2006 to identify time periods when potential adjustments were most likely to exist (i.e., premiums over posted prices).
3. We reviewed records pertaining to the contractors' daily allocation of production, which are necessary for the calculation of additional value, if any, under Article 9(e).
4. We reviewed Wilmington oil shipping nominations from THUMS and Tidelands Oil Production Company (TOPKO), which designate by contract the distribution of production, for testing the population of contracts and ledgers supplied by the oil companies.
5. We reviewed relevant posted prices of major oil companies necessary for certain price testing.
6. We scheduled a field review with OXY in Long Beach to review their accounting files pertaining to the sale of oil.
7. We scheduled a field review with Occidental Energy Marketing, Inc. in Houston to review their accounting and contract files.
8. We discussed our approach with representatives of the City/State to determine that our procedures were consistent with their requirements and the procedures previously agreed to.

B. Article 9(b)

1. We assisted the City in requesting information from various oil companies regarding Wilmington Field transactions (i.e., purchases, sales and exchanges).
2. We reviewed and analyzed contracts and supporting documentation related to purchases and sales in the Wilmington Field.
3. We utilized the THUMS and TOPKO shipping nominations to identify the first deliveries of Wilmington oil and made a preliminary determination as to transaction type (i.e., purchase, exchange or buy/sell).
4. We reviewed information pertaining to sell-offs of oil within the Wilmington Field.

Planning and Preparation (Continued)

C. Article 9(c)

We reviewed all receipts of Wilmington oil by OXY to determine if such receipts should be valued under Article 9(c).

Review and Analysis

A. General

1. We reviewed correspondence between the City and the contractors relating to Article 9(b) and (c).
2. We conducted a field review at the accounting office of OXY in Long Beach. Upon commencement of the field review, we requested and reviewed copies of all oil transaction files, including agreements not previously obtained, amendments, correspondence and pricing documents involving any Wilmington Field oil activity during 2006.
3. We conducted a field review at the office of Occidental Energy Marketing, Inc. in Houston. Upon commencement of the field review, we requested and reviewed copies of all oil transaction files, including agreements not previously obtained, amendments, correspondence and pricing documents involving any Wilmington Field oil activity during 2006.
4. We accumulated a listing of transactions involving trading profits and various differentials related to Wilmington oil for subsequent analysis and review with representatives of the City/State.

B. Article 9(b)

1. We catalogued invoices by oil company and created invoice files for all purchase, sale, buy/sell, and exchange invoices received.
2. We compared oil contract terms, when available, to actual invoice transactions to determine the nature and substance of the transactions.
3. We reviewed each invoice transaction and made a determination as to the transaction type (i.e., purchase, exchange, intercompany transaction, etc.).
4. When a transaction involved two oil companies for which information was received, we cross-checked such information to avoid duplication.
5. We reviewed the shipping nominations and/or transaction invoices received to identify those transactions that qualify as purchases, as defined in the Contractors' Agreement (See item 9 page 5.2).

Review and Analysis (continued)

B. Article 9(b) (continued)

6. Based on items (1) to (5) above, we developed a database of those transactions that represent first purchase transactions involving Wilmington Field oil.
7. We calculated, on a monthly basis, the weighted average gravity of oil produced in the LBU (field average gravity).
8. We calculated the monthly Index of Crude Oil Prices used to extrapolate invoice values to values at the monthly field average gravity (See item 5 page 5.1).
9. We identified Wilmington Field oil transactions which had a difference of more than 5 degrees API from the field average gravity, for inclusion as Substantial Purchaser qualifying barrels, but excluded such transactions from the price calculation in accordance with Article 9.
10. We identified all of the Substantial Purchasers as defined in the Contractors' Agreement and, when necessary, adjusted the value of oil for the monthly weighted average gravity.
11. We reviewed and analyzed transactions for exclusion from the database in accordance with the Settlement Agreement.
12. We determined which transactions required supplemental invoices in accordance with their contracts and the Settlement Agreement.

C. Article 9(c)

1. We compared agreements obtained from OXY to Wilmington oil shipping nominations and our control logs.
2. We identified for further review and analysis those transactions which might result in adjustments for additional consideration to the City/State.
3. We interviewed senior representatives from Occidental Energy Marketing, Inc., and discussed OXY's petroleum trading patterns.

4 - LIMITATIONS ON PROCEDURES PERFORMED

4.1

The following is a summary of certain limitations on our procedures performed:

1. OXY provided documentation of deliveries and receipts of Named Field oil, as required by the Contractors' Agreement. While information was requested from all oil companies believed to have transactions in the Wilmington Field, some companies, which were not contractors, did not respond.
2. OXY and Occidental Energy Marketing, Inc. did not allow us access to their main accounting systems or oil transaction databases. Accordingly, we could not test such systems or their population of Named Field oil activity.
3. As directed by City/State representatives, OXY's internal reports regarding economic values for oil were not used in the valuation of Wilmington Field oil.

The following have been reviewed and agreed to by representatives of the State of California and the City of Long Beach:

1. Bonuses over posted prices received on sell-off oil were included as part of the consideration given in determining Prices Paid for Named Field oil.
2. The Article 9(e) adjustment was based on barrels allocated to OXY.
3. Oil allocated to OXY, attributable to its working interest in Tract 1, was not deemed a Purchase of Oil in accordance with the Settlement Agreement.
4. Article 9(b) requires extrapolation to determine value on a gravity adjusted basis, as calculated by the current Index of Crude Oil Prices (Schedule "C" to Exhibit "D" of the Unit Agreement). The last Index of Crude Oil Prices prepared for the purposes of Exhibit "D" to the Unit Agreement was as of December 18, 1989. The Equity Committee, provided for under Exhibit "D", which reviewed the Index of Crude Oil Prices, no longer meets. As a result, for 2006, the Index of Crude Oil Prices was revised for each change in Market Value (posted prices) in accordance with procedures contained in the Unit Agreement.
5. In determining all available, relevant and reliable information, diligent efforts were made by us and City representatives in obtaining information from all potential sellers and purchasers of Wilmington Field oil. If a response was not forthcoming after several written requests and follow-up phone calls, it was assumed that the parties contacted would not voluntarily furnish the information requested.
6. Since TOPKO is the contractor under the Long Beach Harbor Tidelands Parcel and Parcel "A" Oil Contract, the first sale of oil by TOPKO was deemed to be a Purchase of Oil in determining the Article 9(e) adjustments.
7. Transactions occur involving Wilmington oil that contain pricing provisions which specify a "retroactive price adjustment" (i.e., Article 9(b) 1 or 2 plus an amount per barrel equal to the Article 9(e) adjustments, if any). During 2006, the only transactions that involved "retroactive price adjustments" were certain transactions with ConocoPhillips for the months January through December (see Section 6(D), page 6.2). Certain sell-off transactions also gave rise to retroactive price adjustments, but in the event these sell-off transactions are retroactively adjusted, they are also excluded from the calculation of the final Article 9 value. See 9 below.

5 - SIGNIFICANT ASSUMPTIONS AND INTERPRETATIONS (CONTINUED) 5.2

8. If a receipt of Wilmington Field oil was not included in the aforementioned shipping nominations, or if a run ticket detailing the transaction was not available, we attempted to obtain and review additional documentation (i.e., contracts and published production reports) to determine the nature of the transaction.
9. In accordance with the Settlement Agreement certain sales of oil pursuant to Article 11 were excluded from the first-purchase transaction database because the price for such oil was determined by the final calculated Article 9 price.

A. Adjustment under Article 9(b)

1. OXY (see Exhibit A) \$11,860,068
2. The following sets forth the major components of the above adjustment (see Exhibit B).

<u>Major Components</u>	<u>Consideration Received Over Posted Prices</u>	<u>Per Barrel</u>
OXY Sales	\$10,201,153	\$1.059
TOPKO Sales to Paramount and Shell	2,072,332	0.215
Sell-Off Sales at Stated Premiums	946,239	0.098
Other (Purchases Buy Sells)	<u>973,330</u>	<u>0.101</u>
	14,193,054	1.473
Adjustment for Sell-Off Barrels and Contractor's Net Profits	(<u>2,332,986</u>)	(<u>0.066</u>)
Total Adjustment	<u>\$11,860,068</u>	<u>\$1.407 (1)</u>

- (1) Based on 8,429,596 barrels for 2006 (total allocated Tract 1 production of 9,629,271 barrels less sell-off barrels of 1,199,675).

B. Adjustments under Article 9(c)

Based on the review and analysis set forth on pages 3.2 to 3.3, there were no Article 9(c) adjustments for the year.

C. Price Differentials

As a part of our review and analysis we developed a database detailing various price differentials used in transactions involving Wilmington oil during 2006. Details of these differentials are included in Exhibit H.

D. Analysis of ALBI/OXY Transactions

1. Highlights of such analysis

- The average per barrel adjustment under Article 9(b) was \$1.407 per barrel.
- Substantially all of OXY's Wilmington production was sold at contract premiums over posted prices ranging from \$0.750 to \$1.660 per barrel.
- OXY entered into a contract with Tosco, which was subsequently acquired by ConocoPhillips, for the sale of Wilmington oil from April 1, 2001 to April 1, 2006. This contract was renewed for a one year period and the percentage of the NYMEX price was increased from 81% to 82% as part of the renewal. The monthly contract price is calculated based on 82% of the monthly NYMEX price for light sweet crude plus a bonus based on published prices for certain refined petroleum products. If the monthly 82% of NYMEX amount is less than the monthly Article 9 price (as adjusted after year-end), then the Article 9 price is substituted for the 82% of NYMEX amount for that month. Based on these contract terms, the Article 9 price was substituted for the 82% of NYMEX amount for all twelve months of 2006. ConocoPhillips purchased 4,533,385 (51% of the total of OXY's oil sales) barrels of oil from OXY in 2006 and 4,827,680 (53% of the total) barrels of oil from OXY in 2005.
- Prior to July 1994, ALBI sold all of its Wilmington oil without entering into any related exchange, purchase or buy/sell arrangements. Starting in July 1994 and continuing through February 1995, ARCO entered into a series of agreements with Unocal. These agreements involved the sale of Wilmington oil by ALBI at posted prices without premiums. The valuation of those sales involved linking such sales with related purchases and sales of WTI and the inclusion of the profits therefrom in the final valuation of such sale. We identified no such transactions during 2006.

D. Analysis of ALBI/OXY's Transactions (Continued)

2. Provisions of the Settlement Agreement which affected the 2006 Article 9(e) review and adjustment were:

- All sales of Wilmington oil by OXY, which were sales of equity oil, were included in the calculation of Prices Paid by Substantial Purchasers. During the months January through December 2006, the price paid by ConocoPhillips for purchases from OXY was valued at the final Article 9 price, which was calculated without including such barrels because the price initially paid was lower than the final Article 9 price. During 2006, most OXY sales of Wilmington oil were made to companies that qualify as Substantial Purchasers as defined in the Contractors' Agreement (see Exhibit D-1.1).
- Substantially all of the premiums OXY received over posted prices were included in the 2006 Article 9(b) (3) and (4) calculation and were reflected in the assessments to OXY under Article 9(e).
- All bonuses over posted prices contained in the agreements with TOPKO, Shell, and Paramount were included in the calculation of Prices Paid.

LONG BEACH UNIT - ASSESSMENT FOR 2006
ARTICLE 9(e) CONTRACTORS' AGREEMENTSUMMARY OF ASSESSMENT TO OXY LONG BEACH, INC. (OXY)

FIELD CONTRACTOR: OXY (EXHIBIT A-1.2)-80%	\$9,080,262.77
(EXHIBIT A-1.3)-10%	1,379,417.92
(EXHIBIT A-1.4)-5%	701,801.01
(EXHIBIT A-1.5)-5%	<u>698,586.76</u>

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE	<u>\$11,860,068.46</u>
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FIELD CONTRACTOR: OXY
LONG BEACH UNIT - ASSESSMENT FOR 2006
ARTICLE 9(e) CONTRACTORS' AGREEMENT

OXY'S 80% SHARE OF TRACT 1

	ALLOCATED BARRELS	WEIGHTED AVERAGE GRAVITY	AVERAGE POSTED PRICE	ORIGINAL NET PROFIT VALUE	AVERAGE ADJUSTED PRICE	ADJUSTED NET PROFIT VALUE	ADDITIONAL NET PROFIT VALUE
JANUARY	676,525.00	17.9	\$55.524	\$37,563,228.96	\$57.009	\$38,568,013.73	\$1,004,784.77
FEBRUARY	604,310.65	18.0	51.817	31,313,847.65	53.507	32,334,849.95	1,021,002.30
MARCH	663,445.39	18.1	52.503	34,832,696.15	54.071	35,873,155.68	1,040,459.53
APRIL	631,514.99	18.1	59.987	37,883,224.52	61.531	38,857,748.85	974,524.33
MAY	663,364.62	18.1	60.955	40,435,364.54	62.549	41,492,793.62	1,057,429.08
JUNE	628,461.55	18.0	61.379	38,574,505.48	62.862	39,506,349.96	931,844.48
JULY	639,654.51	18.2	65.045	41,606,637.42	66.389	42,466,023.26	859,385.84
AUGUST	642,324.98	18.1	63.498	40,786,088.68	64.910	41,693,314.45	907,225.77
SEPTEMBER	620,846.94	18.0	54.412	33,781,635.70	56.053	34,800,333.53	1,018,697.83
OCTOBER	651,932.80	18.1	49.426	32,222,464.18	50.765	33,095,368.59	872,904.41
NOVEMBER	632,489.49	18.1	49.379	31,231,497.48	50.591	31,998,275.79	766,778.31
DECEMBER	<u>648,545.92</u>	18.1	52.474	<u>34,031,619.52</u>	53.859	<u>34,930,034.71</u>	<u>898,415.19</u>
	<u>7,703,416.84</u>			<u>\$434,262,810.28</u>		<u>\$445,616,262.12</u>	<u>\$11,353,451.84</u>

LESS SELL OFF BARRELS INCLUDED ABOVE:

	SELL OFF BARRELS	AVERAGE POSTED PRICE	ORIGINAL NET PROFIT VALUE	AVERAGE ADJUSTED PRICE	ADJUSTED NET PROFIT VALUE	ADDITIONAL NET PROFIT VALUE
JANUARY	104,347.68	\$55.524	\$5,793,769.28	\$57.009	\$5,948,756.89	\$154,987.61
FEBRUARY	94,575.83	51.817	4,900,673.61	53.507	5,060,468.94	159,795.33
MARCH	102,280.81	52.503	5,370,018.68	54.071	5,530,425.68	160,407.00
APRIL	112,283.09	59.987	6,735,525.72	61.531	6,908,890.81	173,365.09
MAY	109,445.71	60.955	6,671,252.31	62.549	6,845,719.71	174,467.40
JUNE	85,675.57	61.379	5,258,697.95	62.862	5,385,737.68	127,039.73
JULY	97,090.56	65.045	6,315,294.31	66.389	6,445,745.19	130,450.88
AUGUST	100,054.21	63.498	6,353,192.20	64.910	6,494,518.77	141,326.57
SEPTEMBER	92,892.32	54.412	5,054,456.92	56.053	5,206,893.21	152,436.29
OCTOBER	100,854.69	49.426	4,984,843.91	50.765	5,119,888.34	135,044.43
NOVEMBER	101,367.58	49.379	5,005,389.19	50.591	5,128,287.24	122,898.05
DECEMBER	<u>98,807.07</u>	52.474	<u>5,184,772.55</u>	53.859	<u>5,321,649.98</u>	<u>136,877.43</u>
	<u>1,199,675.12</u>		<u>\$67,627,886.63</u>		<u>\$69,396,982.44</u>	<u>\$1,769,095.81</u>

TOTAL ADDITIONAL NET PROFIT VALUE

\$9,584,356.03

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE AT 95.56%

\$9,158,810.62

LESS SELL OFF CREDIT DUE OXY IN ACCORDANCE WITH ARTICLE 5(d) AND THE
SETTLEMENT AGREEMENT (\$1,769,095.81 at 4.44%)(\$78,547.85)

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE

\$9,080,262.77

FIELD CONTRACTOR: OXY 10% INTEREST
LONG BEACH UNIT - ASSESSMENT FOR 2006
ARTICLE 9(e) CONTRACTORS' AGREEMENT

CONTRACTOR'S 10% SHARE OF TRACT 1

	ALLOCATED BARRELS	WEIGHTED AVERAGE GRAVITY	AVERAGE POSTED PRICE	ORIGINAL NET PROFIT VALUE	AVERAGE ADJUSTED PRICE	ADJUSTED NET PROFIT VALUE	ADDITIONAL NET PROFIT VALUE
JANUARY	84,565.63	17.9	\$55.438	\$4,688,158.70	\$57.009	\$4,821,002.00	\$132,843.30
FEBRUARY	75,538.84	18.0	51.892	3,919,827.49	53.507	4,041,856.71	122,029.22
MARCH	82,930.68	18.1	52.533	4,356,637.14	54.071	4,484,144.80	127,507.66
APRIL	78,939.38	18.1	59.981	4,734,832.09	61.531	4,857,218.99	122,386.90
MAY	82,920.58	18.1	60.966	5,055,358.55	62.549	5,186,599.36	131,240.81
JUNE	78,557.69	18.0	61.386	4,822,338.67	62.862	4,938,293.51	115,954.84
JULY	79,956.81	18.2	65.007	5,197,759.46	66.389	5,308,252.66	110,493.20
AUGUST	80,290.62	18.1	63.500	5,098,444.65	64.910	5,211,664.14	113,219.49
SEPTEMBER	77,605.87	18.0	54.626	4,239,297.71	56.053	4,350,041.83	110,744.12
OCTOBER	81,491.60	18.1	49.423	4,027,564.07	50.765	4,136,921.07	109,357.00
NOVEMBER	79,061.19	18.1	49.348	3,901,480.06	50.591	3,999,784.66	98,304.60
DECEMBER	81,068.24	18.1	52.508	4,256,733.50	53.859	4,366,254.34	109,520.84
	962,927.13			\$54,298,432.09		\$55,702,034.07	\$1,403,601.98

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE AT 98.277%

\$1,379,417.92

FIELD CONTRACTOR: OXY 5% INTEREST
LONG BEACH UNIT - ASSESSMENT FOR 2006
ARTICLE 9(e) CONTRACTORS' AGREEMENT

CONTRACTOR'S 5% SHARE OF TRACT 1

	ALLOCATED BARRELS	WEIGHTED AVERAGE GRAVITY	AVERAGE POSTED PRICE	ORIGINAL NET PROFIT VALUE	AVERAGE ADJUSTED PRICE	ADJUSTED NET PROFIT VALUE	ADDITIONAL NET PROFIT VALUE
JANUARY	42,282.82	17.9	\$55.438	\$2,344,079.63	\$57.009	\$2,410,501.29	\$66,421.66
FEBRUARY	37,769.42	18.0	51.892	1,959,913.75	53.507	2,020,928.36	61,014.61
MARCH	41,465.34	18.1	52.533	2,178,318.57	54.071	2,242,072.40	63,753.83
APRIL	39,469.69	18.1	59.981	2,367,416.04	61.531	2,428,609.50	61,193.46
MAY	41,460.29	18.1	60.966	2,527,679.28	62.549	2,593,299.68	65,620.40
JUNE	39,278.85	18.0	61.386	2,411,169.64	62.862	2,469,147.07	57,977.43
JULY	39,978.41	18.2	65.007	2,598,880.06	66.389	2,654,126.66	55,246.60
AUGUST	40,145.31	18.1	63.500	2,549,222.33	64.910	2,605,832.07	56,609.74
SEPTEMBER	38,802.93	18.0	54.626	2,119,648.58	56.053	2,175,020.64	55,372.06
OCTOBER	40,745.80	18.1	49.423	2,013,782.04	50.765	2,068,460.54	54,678.50
NOVEMBER	39,530.59	18.1	49.348	1,950,739.78	50.591	1,999,892.08	49,152.30
DECEMBER	<u>40,534.12</u>	18.1	52.508	<u>2,128,366.75</u>	53.859	<u>2,183,127.17</u>	<u>54,760.42</u>
	<u>481,463.57</u>			<u>\$27,149,216.45</u>		<u>\$27,851,017.46</u>	<u>\$701,801.01</u>

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE AT 100.00%

\$701,801.01

FIELD CONTRACTOR: OXY 5% INTEREST
LONG BEACH UNIT - ASSESSMENT FOR 2006
ARTICLE 9(e) CONTRACTORS' AGREEMENT

CONTRACTOR'S 5% SHARE OF TRACT 1

	ALLOCATED BARRELS	WEIGHTED AVERAGE GRAVITY	AVERAGE POSTED PRICE	ORIGINAL NET PROFIT VALUE	AVERAGE ADJUSTED PRICE	ADJUSTED NET PROFIT VALUE	ADDITIONAL NET PROFIT VALUE
JANUARY	42,282.81	17.9	\$55.438	\$2,344,079.07	\$57.009	\$2,410,500.72	\$66,421.65
FEBRUARY	37,769.42	18.0	51.892	1,959,913.74	53.507	2,020,928.36	61,014.62
MARCH	41,465.34	18.1	52.533	2,178,318.57	54.071	2,242,072.40	63,753.83
APRIL	39,469.69	18.1	59.981	2,367,416.04	61.531	2,428,609.50	61,193.46
MAY	41,460.29	18.1	60.966	2,527,679.28	62.549	2,593,299.68	65,620.40
JUNE	39,278.84	18.0	61.386	2,411,169.03	62.862	2,469,146.44	57,977.41
JULY	39,978.40	18.2	65.007	2,598,879.40	66.389	2,654,126.00	55,246.60
AUGUST	40,145.31	18.1	63.500	2,549,222.33	64.910	2,605,832.07	56,609.74
SEPTEMBER	38,802.94	18.0	54.626	2,119,649.13	56.053	2,175,021.20	55,372.07
OCTOBER	40,745.80	18.1	49.423	2,013,782.04	50.765	2,068,460.54	54,678.50
NOVEMBER	39,530.60	18.1	49.348	1,950,740.28	50.591	1,999,892.58	49,152.30
DECEMBER	<u>40,534.12</u>	18.1	52.508	<u>2,128,366.74</u>	53.859	<u>2,183,127.17</u>	<u>54,760.43</u>
	<u>481,463.56</u>			<u>\$27,149,215.65</u>		<u>\$27,851,016.66</u>	<u>\$701,801.01</u>

CONTRACTOR'S PERCENTAGE	ADDITIONAL NET PROFIT VALUE	NET PROFIT PERCENT	NET PROFIT AMOUNT
2.5%	\$350,900.51	99.54%	\$349,286.37
1.5%	210,540.30	99.54%	209,571.81
1.0%	<u>140,360.20</u>	99.55%	<u>139,728.58</u>
<u>5.0%</u>	<u>\$701,801.01</u>		

CITY OF LONG BEACH SHARE OF ADDITIONAL NET PROFIT VALUE

\$698,586.76