

EXHIBIT C

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CITY OF LONG BEACH



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DEPARTMENT

OIL OPERATIONS · OIL PRODUCTION / SUBSIDENCE

November 3, 2008

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

SUBJECT: REQUEST FOR APPROVAL OF THE FINAL REPORT AND CLOSING STATEMENT FOR THE ANNUAL PLAN (JULY 1, 2007 THROUGH JUNE 30, 2008)

Dear Mr. Scott:

In accordance with provisions of Part IV, Section C, of the Annual Plan, we are submitting this final report and closing statement for the Annual Plan covering the period July 1, 2007 through June 30, 2008. This report contains a reconciliation of Unit activities by Category.

DEVELOPMENT DRILLING

The Development Drilling Category provides funding for all drilling and re-drilling activity, as well as maintenance and replacements for drilling equipment within the Unit.

Operations Review

During the Plan period 55 new wells were completed. Occidental also fulfilled its obligation of drilling a deep zone well (C-250), as agreed upon in the "Gas Incentive Agreement" signed in May 2005. The encouraging production from this deep zone well has resulted in several additional deep zone wells planned for the Annual Plan period 2008-2009. The following is a listing of both new completions and redrills by zone:

Zone	New Completions			Redrills		
	Prod	Inj	Total	Prod	Inj	Total
Tar	0	0	0	0	0	0
Ranger	6	2	8	18	6	24
Terminal	2	1	3	2	8	10
UP-Ford	1	4	5	2	2	4
237	1	0	1	0	0	0
Totals	10	7	17	22	16	38

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On June 30, 2008, the total number of wells in the Unit was 1,339, of which 861 were producers and 478 were injectors. Excluded from these totals are the abandoned wells.

Budget to Actual Variance

The Development Drilling Category had a budget of \$92,600,000, of which \$77,943,000 or 84.2 percent was expended. The Plan provided funds for 58 new and redrilled wells to be drilled with three full-time drilling rigs. In November 2007, one drilling rig was dropped, but because of improved efficiencies of the remaining two drill rigs, 55 wells were either drilled or redrilled during the Plan period. The improved drilling efficiency was the result of using top drive rigs, the utilization of rotary steerable drilling technology, and using more efficient drilling crews.

Using two rigs, versus three, contributed to lower than planned expenditures in this Category. However, the reduced spending was mainly driven by changes in the well mix. A higher number of injectors, generally less expensive than producers, were completed, and there was a shift away from hydraulic fractured stimulation completions to lower cost, open hole completions. The Plan also included \$8.9 million for drilling rig maintenance, drilling support and drill rig upgrades; however, only \$5.9 million was spent.

OPERATING EXPENSE

The Operating Expense Category provides funding for the ongoing cost of day-to-day well production and injection operations necessary for producing, processing, and delivering crude oil and gas, for all electric power costs and abandonment costs.

Operations Review

- Unit oil shipments during the Plan period averaged 28,578 bbls/day, which was 1,939 bbls/day lower than estimated in the Plan. The base oil rate decline was higher than expected, and the new wells averaged lower initial oil rates than anticipated. The number of wells shut-in for voidage and repair was in line with historic levels.
- Gas production averaged 13,048 mcf/day, which was 2,976 mcf/day higher than estimated in the Plan. This is attributable to higher than forecasted production from the Grissom Shallow Gas.
- Water injection averaged 988,321 bbls/day, which was 1,922 bbls/day lower than originally estimated in the Plan. Gross production averaged 924,422 bbls/day, which was 54,636 bbls/day lower than estimated.

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- The average price for Unit crude was \$87.48/bbl during the Plan period. The Plan was based on \$40.00/bbl crude. The average price for Unit gas was \$6.81/mcf, and the Plan was based on \$6.00/mcf.
- The Plan included \$842,000 for the well and facility abandonment expenses. Actual abandonment expense totaled \$345,000 and was lower than forecasted because well abandonment expenses were minimal.

Budget to Actual Variance

The Operating Expense Category was budgeted at \$118,700,000, of which \$91,961,000, or 77.5 percent, was expended. The lower spending level was primarily related to lower than forecasted electricity costs and fewer investment well work projects being completed. Lower electricity costs were the result of using more electricity generated by the Unit power plant than was anticipated in the Plan, as well as lower SCE tariffs. Fifteen investment well work projects were completed at an average cost of \$230,000 per project. The Plan included the assumption that 23 investment well work projects would be completed at an average cost of \$250,000 per project.

FACILITIES, MAINTENANCE, AND PLANT

The Facilities, Maintenance, and Plant Category provides funds for maintenance, repairs, upgrades, additions of surface facilities and pipelines, and costs for general field services.

Operations Review

Projects with significant expenditures during the fiscal year include the following:

- Amine Plant
- Facility Capacity Expansion
- Vapor Recovery Upgrade
- Grissom Injection Piping
- Grissom Culvert Piping to Cellar #1
- White Produced Water Piping
- White Oil & Gas Exit Lines
- Chaffee Produced Water Piping
- JL-2 Pipeline Encasement
- Pier J 18" Wet Oil & 14" Gas Line Repairs

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- Pier J-2 to J-6 & Tank Farm Piping
- Walking/Working Surfaces Hazards

Budget to Actual Variance

The Facilities, Maintenance, and Plant Category was budgeted at \$96,600,000, of which \$95,338,000, or 98.7 percent, was expended.

UNIT FIELD LABOR AND ADMINISTRATIVE

The Unit Field Labor and Administrative Category provides funding for salaries, benefits, training, and other expenses of all Unit personnel, and costs for other Unit support activities. Unit support activities include costs for professional and temporary services, data processing and general office equipment and materials, Unit Operator billable costs, Oxy Long Beach, Inc. billable costs, management projects, extraordinary losses and claims, and prior year adjustments.

Budget to Actual Variance

The Unit Field Labor and Administrative Category was budgeted at \$57,100,000, of which \$50,990,000, or 89.3 percent, was expended.

The Unit Field Labor and Administrative Category spending was below the forecasted amount primarily due to lower than projected benefits costs.

TAXES, PERMITS, AND ADMINISTRATIVE OVERHEAD

The Taxes, Permits, and Administrative Overhead Category provides funding for specific taxes, permits, licenses, land leases, and all administrative overhead costs for the Unit.

Budget to Actual Variance

The Taxes, Permits, and Administrative Overhead Category was budgeted at \$30,600,000, of which \$32,680,000 or 106.8 percent, was expended.

The Taxes, Permits, and Administrative Overhead Category spending exceeded the forecasted amount primarily due to the increases in both property and production taxes.

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SUMMARY

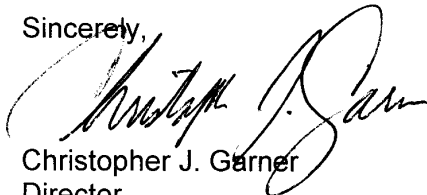
The Long Beach Unit Annual Plan budget for the period July 1, 2007 to June 30, 2008 was \$395,600,000, of which \$348,912,000 or 88.2 percent was expended. Fiscal year profit of \$596,034,000 was \$522,734 more than the \$73,300,000 originally estimated in the Plan. Contributing to the higher than anticipated profits was the high price of crude oil during the Plan period. Unit crude oil averaged \$87.48/bbl during the Plan period, while the budget was based on \$40.00/bbl.

Significant effort was made during the Plan period to maintain Unit strategic investment initiatives that began during the previous fiscal year. Drilling efficiencies were realized resulting in 55 of 58 forecast wells being drilled faster and less expensively. In addition, projects were implemented to repair and upgrade the Unit's facility infrastructure.

BUDGET RECONCILIATION

Attached are the June 2008 Budget Statement for Fiscal Year Projects; Annual Plan Economic Projections; Major Planning Assumptions; rates and volumes of oil, gas, and water production and water injection by location and zone; and an end-of-the-period report of number of wells.

Sincerely,



Christopher J. Garner
Director

CJG:scs

Enclosures

FIN 312.003

Economic Projections

(Data in Thousands of \$)	ACTUAL FIRST QUARTER FY07/08	ACTUAL SECOND QUARTER FY07/08	ACTUAL THIRD QUARTER FY07/08	ACTUAL FOURTH QUARTER FY07/08	ACTUAL TOTAL FISCAL YEAR FY07/08	BUDGET TOTAL FISCAL YEAR FY07/08	% ACTUAL OVER/UNDER(-) BUDGET FY07/08
ESTIMATED REVENUE							
Oil Revenue	\$175,919	\$212,515	\$225,482	\$298,600	\$912,518	\$446,784	104.2%
Gas Revenue	\$7,668	\$6,624	\$7,493	\$10,643	\$32,428	\$22,118	46.6%
TOTAL REVENUE	\$183,588	\$219,140	\$232,975	\$309,243	\$944,946	\$468,902	101.5%
ESTIMATED EXPENDITURES							
Development Drilling	\$21,404	\$19,632	\$21,463	\$15,445	\$77,943	\$92,645	-15.9%
Operating Expense	\$23,988	\$21,946	\$24,469	\$21,558	\$91,961	\$118,660	-22.5%
Facilities & Maintenance	\$20,309	\$27,157	\$21,280	\$26,591	\$95,338	\$96,550	-1.3%
Unit Field Labor & Admin	\$12,265	\$12,777	\$15,495	\$10,453	\$50,990	\$57,116	-10.7%
Taxes, Permits & Admin. Overhead	\$8,156	\$8,316	\$8,160	\$8,048	\$32,680	\$30,599	6.8%
TOTAL EXPENDITURES	\$86,122	\$89,828	\$90,867	\$82,095	\$348,912	\$395,570	-11.8%
NET PROFIT	\$97,466	\$129,312	\$142,108	\$227,149	\$596,034	\$73,332	712.8%

Major Planning Assumptions

	ACTUAL FIRST QUARTER FY07/08	ACTUAL SECOND QUARTER FY07/08	ACTUAL THIRD QUARTER FY07/08	ACTUAL FOURTH QUARTER FY07/08	ACTUAL TOTAL FISCAL YEAR FY07/08	BUDGET TOTAL FISCAL YEAR FY07/08	% ACTUAL OVER/UNDER(-) BUDGET FY07/08
OIL PRODUCTION:							
QUARTERLY (1,000 BBL)	2,619	2,625	2,579	2,637	10,431	11,139	
AVERAGE B/D	28,467	28,535	28,340	28,976	28,578	30,517	-6.35%
GAS PRODUCTION:							
QUARTERLY (MMCF)	1,133	1,192	1,229	1,224	4,763	3,676	
AVERAGE MCF/D	12,317	12,952	13,501	13,456	13,048	10,072	29.55%
WATER PRODUCTION:							
QUARTERLY (1,000 BBL)	82,557	80,568	80,449	84,315	326,983	346,218	
AVERAGE B/D	897,354	875,738	884,057	926,539	895,844	948,541	-5.56%
WATER INJECTION							
QUARTERLY (1,000 BBL)	92,166	89,374	89,203	90,977	360,737	361,439	
AVERAGE B/D	1,001,804	971,456	980,252	999,748	988,321	990,243	-0.19%
AVG OIL PRICE (\$/BBL)	\$67.17	\$80.95	\$87.43	\$113.24	\$87.48	\$40.00	118.7%
AVG GAS PRICE (\$/MCF)	\$6.77	\$5.56	\$6.10	\$8.69	\$6.81	\$6.00	13.5%

Oil Production

<u>Location</u>	Average B/D		Cumulative Mbbls.	
	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>
Grissom	6,628	182,890	5,716	27,509
White	4,632	164,789	1,970	43,152
Chaffee	6,533	210,575	2,205	69,550
Freeman	7,612	268,094	2,305	91,507
Pier J (Inc. THX)	3,173	144,051	852	26,977
Total	28,578	970,399	13,048	258,695

Gas Production

<u>Reservoir</u>	Average B/D		Cumulative MMCF	
	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>
Shallow Gas	-	-	4,580	2,241
Tar V	151	1,811	61	755
Ranger	18,915	722,389	5,263	164,245
Terminal	5,541	141,219	1,486	28,507
Union Pacific-Ford	3,476	100,953	1,323	58,573
237	496	4,027	335	4,374
Total	28,578	970,399	13,048	258,695

Water Production

<u>Location</u>	Average B/D		Cumulative Mbbls.	
	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>
Grissom	237,419	1,737,885	265,919	2,187,074
White	139,820	1,307,833	156,201	1,716,551
Chaffee	163,953	1,165,419	198,536	1,875,270
Freeman	223,370	1,665,484	215,152	1,798,087
Pier J (Inc. THX)	131,283	1,166,887	152,513	1,446,717
Total	895,844	7,043,508	988,321	9,023,699

Water Injection

<u>Reservoir</u>	Average B/D		Cumulative Mbbls.	
	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>	<u>7/1/07-6/30/08</u>	<u>6/30/08</u>
Shallow Gas	-	-	-	-
Tar V	1,167	8,753	3,527	21,096
Ranger	706,435	5,920,647	770,547	7,554,304
Terminal	133,691	814,746	148,867	1,043,078
Union Pacific-Ford	54,324	296,030	65,380	405,221
237	228	3,332	-	-
Total	895,844	7,043,508	988,321	9,023,699

**Number of Wells
As of June 30, 2008**

By Reservoir

Zone	Producer	Injector	Total
SG	6	0	6
Tar	12	2	14
Ranger	585	336	921
Terminal	163	77	240
UPF	94	63	157
237	1	0	1
Total	861	478	1339

By Islands

Zone	Producer	Injector	Total
Grissom	203	94	297
White	151	101	252
Chaffee	202	125	327
Freeman	212	110	322
Pier J	93	48	141
Total	861	478	1339