

MINUTE ITEM

2/23/67

29. APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENT, ALLIED CHEMICAL CORPORATION, LONG BEACH UNIT - W.O. 5200.503.2.

After consideration of Calendar Item 5 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE FOLLOWING DOCUMENTS SUBMITTED BY THE CITY OF LONG BEACH, ALL IN RELATION TO THE INTEREST OF ALLIED CHEMICAL CORPORATION RESULTING FROM EXECUTION BY PAULEY PETROLEUM, INC., AND ALLIED CHEMICAL CORPORATION (AS NONOPERATING CONTRACTOR WITH 10% CONTRACTOR'S PERCENTAGE) OF CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD:

1. CONVEYANCE OF PRODUCTION PAYMENT DATED DECEMBER 29, 1966, BY ALLIED CHEMICAL CORPORATION TO RED HILL OIL COMPANY, EFFECTIVE DECEMBER 31, 1966.
2. MORTGAGE, DEED OF TRUST AND ASSIGNMENT DATED DECEMBER 29, 1966, BY RED HILL OIL COMPANY TO CHARLES C. STEWART, JR., TRUSTEE FOR NATIONAL BANK OF DETROIT.
3. CONSENT OF SURETY BY AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, REGARDING DOCUMENTS 1 AND 2 ABOVE.
4. APPROVAL OF PAULEY PETROLEUM, INC., REGARDING DOCUMENTS 1 AND 2 ABOVE.

THE APPROVAL OF THE DOCUMENTS SHALL BE SUBJECT TO THEIR APPROVAL BY THE CITY MANAGER OF THE CITY OF LONG BEACH.

Attachment

Calendar Item 5 (2 pages)

5.

APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENT, ALLIED CHEMICAL CORPORATION, LONG BEACH UNIT - W.O. 5200.503.2.

The State Lands Commission, at its meeting of March 2, 1965, approved the execution by the City Manager of the City of Long Beach, on behalf of the City as Trustee for the State, of the Contractors' Agreement for the Long Beach Unit of the Wilmington Oil Field and the award of the Contractors' Agreement to the highest responsible bidders as Field Contractor and Nonoperating Contractors, respectively.

The Nonoperating Contract for the 10% undivided share was awarded to Pauley Petroleum, Inc. and Allied Chemical Corporation.

Article 25 of the Contractors' Agreement provides, in part:

"None of the Contractors nor any of their successors or assigns shall have the right or power to assign, hypothecate, pledge, or in any manner dispose of its rights, privileges or obligations under this agreement, or any part thereof, without first obtaining the written consent of, and subject to such terms and conditions as may be prescribed by, the City Manager, with the approval of the State".

The City of Long Beach, pursuant to Article 25 of the Contractors' Agreement, has submitted the following documents for State Lands Commission approval:

1. Conveyance of Production Payment dated December 29, 1966, by Allied Chemical Corporation to Red Hill Oil Company, effective December 31, 1966.
2. Mortgage, Deed of Trust and Assignment dated December 29, 1966, by Red Hill Oil Company to Charles C. Stewart, Jr., Trustee for National Bank of Detroit.
3. Consent of Surety by American Casualty Company of Reading, Pennsylvania, regarding documents 1 and 2 above.
4. Approval by Pauley Petroleum, Inc., regarding documents 1 and 2 above.

Section 14 of the Conveyance of Production Payment assures that the documents will not change the working relationship as it now exists between Pauley Petroleum, Inc., and Allied Chemical Corporation vis-a-vis the State, the City, and the Long Beach Unit.

The submitted documents have been reviewed by the Commission's staff, and appear to be satisfactory.

CALENDAR ITEM 5. (CONTD.)

The Office of the Attorney General has advised that the Commission may properly approve the documents as submitted.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FOLLOWING DOCUMENTS SUBMITTED BY THE CITY OF LONG BEACH, ALL IN RELATION TO THE INTEREST OF ALLIED CHEMICAL CORPORATION RESULTING FROM EXECUTION BY PAULEY PETROLEUM, INC., AND ALLIED CHEMICAL CORPORATION (AS NONOPERATING CONTRACTOR WITH 10% CONTRACTOR'S PERCENTAGE) OF CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD:

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