

MINUTE ITEM

3/28/68

27. ELIMINATION OF SURETY BOND, TRACT NO. 2 AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.510, P.R.C. 3455.1.

After consideration of Calendar Item 24 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE ELIMINATION OF THE REQUIREMENT THAT THE CONTRACTOR FURNISH A SURETY BOND PURSUANT TO ARTICLE 24, TRACT NO. 2 AGREEMENT, LONG BEACH UNIT, SUBJECT TO THE CONDITION THAT THE BOND REQUIREMENT MAY BE REINSTATED BY THE STATE AT ANY TIME; ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 24 (1 page)

24.

ELIMINATION OF SURETY BOND, TRACT NO. 2 AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.510, P.R.C. 3455.1.

The Commission, at its meeting of March 11, 1966, awarded the Tract No. 2 Agreement, Long Beach Unit, to the Atlantic Richfield Company. Article 24 of this agreement reads, in part, as follows:

"The State may, at its sole discretion, in the future order the amount of the aforesaid surety bond to be reduced, or eliminate the requirement for furnishing of the aforesaid surety bond."

Atlantic Richfield Company, as Contractor, has furnished and maintained the subject bond in the amount of \$1,250,000. The cost of this bond is charged to the Contractor's Net Profits Account, thereby reducing the revenue to the State.

In the light of Atlantic Richfield's financial responsibility, the record of its operations in the field, and the monetary benefits to the State, it is in the interest of the State to eliminate this surety bond requirement.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE ELIMINATION OF THE REQUIREMENT THAT THE CONTRACTOR FURNISH A SURETY BOND PURSUANT TO ARTICLE 24, TRACT NO. 2 AGREEMENT, LONG BEACH UNIT, SUBJECT TO THE CONDITION THAT THE BOND REQUIREMENT MAY BE REINSTATED BY THE STATE AT ANY TIME; ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT TO REMAIN IN FULL FORCE AND EFFECT.