

3/28/68

37. APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENT, PAULEY PETROLEUM INC., LONG BEACH UNIT, WILMINGTON OIL FIELD - W.O. 5200.503.2.

After consideration of Calendar Item 40 attached, and upon motion duly made and 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 PAULEY PETROLEUM INC. 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 FROM PAULEY PETROLEUM INC. TO PROPERTY HOLDING CORP.
2. SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST, AND ASSIGNMENT FROM PROPERTY HOLDING CORP. TO ALVIN C. JOHNSON, AS TRUSTEE FOR THE FIRST NATIONAL BANK OF CHICAGO.
3. APPROVAL OF ALLIED CHEMICAL CORPORATION, REGARDING DOCUMENTS 1 AND 2, ABOVE.

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

Attachment

Calendar Item 40 (1 page)

40.

APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENT, PAULEY PETROLEUM INC., LONG BEACH UNIT, WILMINGTON OIL FIELD - W.O. 5200.503.2.

Fauley Petroleum Inc. and Allied Chemical Corporation hold the nonoperating contract for a 10% undivided share of the Contractor's Agreement, Long Beach Unit. Article 25 of the Contractor's 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, above, has submitted the following documents for State Lands Commission approval:

1. Conveyance of Production Payment from Pauley Petroleum Inc. to Property Holding Corp.
2. Security Agreement, Mortgage, Deed of Trust, and Assignment from Property Holding Corp. to Alvin C. Johnson, as Trustee for the First National Bank of Chicago.
3. Approval of Allied Chemical Corporation, 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, the State, the City, and the Long Beach Unit.

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 PAULEY PETROLEUM INC. 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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3. APPROVAL OF ALLIED CHEMICAL CORPORATION, REGARDING DOCUMENTS 1 AND 2, ABOVE.

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