

MINUTE ITEM

4/25/68

41. ELIMINATION OF PERFORMANCE BOND, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O.s 5200.503.1, 5200.503.2, 5200.503.3, 5200.503.4, 5200.503.5 AND 5200.503.6.

After consideration of Calendar Item 3 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE ELIMINATION OF THE REQUIREMENT THAT THE FIELD CONTRACTOR AND EACH OF THE NONOPERATING CONTRACTORS FURNISH A SURETY BOND PURSUANT TO ARTICLE 32, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, SUBJECT TO THE CONDITION THAT THE BOND REQUIREMENT MAY BE REINSTATED AT ANY TIME; ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 3 (1 page)

3.

ELIMINATION OF PERFORMANCE BOND, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O.s 5200.503.1, 5200.503.2, 5200.503.3, 5200.503.4, 5200.503.5 AND 5200.503.6.

The Commission, at its meeting of March 2, 1965, approved the execution by the City of Long Beach of the Contractors' Agreement with the Field Contractor and the Nonoperating Contractors for the development of the Long Beach Unit.

Article 32 of this Contractors' Agreement reads, in part, as follows: "The City Manager, with approval of the State, may, at his sole discretion, in the future order the amount of the aforesaid surety bonds to be reduced".

The Field Contractor and the Nonoperating Contractors have furnished performance bonds in the total principal amount of \$11,000,000. The costs of the premiums for these bonds, now totaling nearly \$45,000, are charged to the Contractors' Net Profits Accounts thereby reducing the revenue to the State.

The City of Long Beach has requested Commission approval to eliminate these performance bonds in view of the fact that the contractors are financially responsible. Additionally, these contractors have advanced many millions of dollars to develop the Long Beach Unit, and, if they should default now, they would not be entitled to be reimbursed for the money they have advanced.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE ELIMINATION OF THE REQUIREMENT THAT THE FIELD CONTRACTOR AND EACH OF THE NONOPERATING CONTRACTORS FURNISH A SURETY BOND PURSUANT TO ARTICLE 32, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, SUBJECT TO THE CONDITION THAT THE BOND REQUIREMENT MAY BE REINSTATED AT ANY TIME; ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT TO REMAIN IN FULL FORCE AND EFFECT.