

61. APPROVAL OF SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST AND ASSIGNMENT, PAULEY PETROLEUM, INC., LONG BEACH UNIT, WILMINGTON OIL FIELD - W-5200.503.2.

After consideration of Calendar Item 63 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. SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST, AND ASSIGNMENT FROM PAULEY PETROLEUM, INC., TRUSTOR, TO ALVIN C. JOHNSON, TRUSTEE, FOR THE FIRST NATIONAL BANK OF CHICAGO, BENEFICIARY, DATED DECEMBER 22, 1969.
2. PROMISSORY NOTE FROM PAULEY PETROLEUM, INC., TO 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 63 (2 pages)

63.

APPROVAL OF SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST AND ASSIGNMENT, PAULEY PETROLEUM, INC., LONG BEACH UNIT, WILMINGTON OIL FIELD - W-5200.503.2.

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

1. Security Agreement, Mortgage, Deed of Trust, and Assignment from Pauley Petroleum, Inc., Trustor, to Alvin C. Johnson, Trustee, for the First National Bank of Chicago, beneficiary, dated December 22, 1969.
2. Promissory note from Pauley Petroleum, Inc., to the First National Bank of Chicago.
3. Approval of Allied Chemical Corporation, regarding documents 1 and 2, above.

The purpose of the Security Agreement is to hypothecate the interests of Pauley Petroleum, Inc., in the Contractors' Agreement, Long Beach Unit, to secure a loan from the First National Bank of Chicago. Section 3.05 of the Security Agreement assures that the document 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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2. PROMISSORY NOTE FROM PAULEY PETROLEUM, INC., TO 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.