

MINUTE ITEM

5/31/73
DKH

16. SETTLEMENT OF AMOUNTS WITHHELD FROM NET PROFITS ACCOUNT, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The attached Calendar Item 14 was submitted to the Commission for information only, no action thereon being necessary.

Attachment:

Calendar Item 14 (1 page)

INFORMATIVE CALENDAR ITEM

5/73
DKH

14.

SETTLEMENT OF AMOUNTS WITHHELD FROM
NET PROFITS ACCOUNT, CONTRACTORS' AGREEMENT,
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

Pursuant to the natural gas processing agreements between Lomita Gasoline Company and four of the five companies comprising the Field Contractor, Tract 1, Long Beach Unit, Wilmington Oil Field, the processor agreed to deliver to the producers 50 percent of the wet gas products derived from the producers' gas during the first four years of the agreements, and 55 percent thereafter. The four-year period terminated approximately November, 1969.

The Contractors' Agreement provides that each contractor shall account for all Wet Gas Products Attributable to such Contractor. Wet Gas Products Attributable to any Contractor means Wet Gas Products Extracted from the Wet Gas Allocated to such Contractor, less all compensation retained by treaters (processors) of such Wet Gas.

Four producers have continued to credit the value of only 50 percent of Wet Gas Products Attributable to them, to the Net Profits Account. The City of Long Beach and the State Lands Division have taken the position that the full value of 55 percent of the Wet Gas Products Attributable to such producers has been improperly withheld from the Net Profits Account. As of June 30, 1972, the City of Long Beach and the Division jointly computed the amount withheld to be \$108,980.36, and it is expected that it will be more than \$115,000 by May 1, 1973.

The City of Long Beach, by letter dated April 19, 1973, has assured the Division that each Contractor who has received 55 percent of the value of wet gas products attributable to Tract 1 will account to the Net Profits Account for the excess 5 percent received. This accounting is expected to occur following approval and execution of the agreements for consolidation of gas processing in the Stretford plant.