

MINUTE ITEM

6/27/74  
ADW

34. ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF BOND, ROYALTY OIL SALES  
CONTRACT PRC 4832.1 - PRC 4832.1.

After consideration of Calendar Item 33 attached, and upon motion duly made and  
carried, the following resolution was adopted:

THE COMMISSION ACCEPTS THE LETTER OF CREDIT ISSUED BY THE BANK OF AMERICA  
IN THE AMOUNT OF \$50,000 AND SUBMITTED BY GUSTAFSON OIL COMPANY OF  
CALIFORNIA AS ALTERNATE SECURITY PURSUANT TO SECTION 19 OF ROYALTY OIL  
SALES CONTRACT PRC 4832.1.

Attachment:

Calendar Item 33 (1 page)

CALENDAR ITEM

6/74  
ADW

33.

ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF BOND,  
ROYALTY OIL SALES CONTRACT PRC 4832.1

Royalty Oil Sales Contract PRC 4832.1 was issued on November 29, 1973, to Gustafson Oil Company of California. Section 19 of the contract requires the purchaser to furnish a good and sufficient bond to the State. Section 19 also provides that the purchaser may, with the prior written approval of the State, provide alternate security.

On April 24, 1974, the Commission authorized the acceptance of a Letter of Credit in the amount of \$50,000 issued by the First National Bank of Chicago covering Sales Contract PRC 4832.1. Gustafson Oil Company has recently changed banking facilities and has submitted a Letter of Credit issued by the Bank of America in the amount of \$50,000 to replace the Letter of Credit currently on file with the Commission.

The document submitted as alternate security under the terms of the Royalty Oil Sales Contract has been reviewed by the staff and the Office of the Attorney General and found to be adequate.

IT IS RECOMMENDED THAT THE COMMISSION ACCEPT THE LETTER OF CREDIT ISSUED BY THE BANK OF AMERICA IN THE AMOUNT OF \$50,000 AND SUBMITTED BY GUSTAFSON OIL COMPANY OF CALIFORNIA AS ALTERNATE SECURITY PURSUANT TO SECTION 19 OF ROYALTY OIL SALES CONTRACT PRC 4832.1.