

MINUTE ITEM

8/29/74
CPP

23. ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF BOND, ROYALTY OIL SALES CONTRACTS PRC 4834.1 AND PRC 4835.1 - W 9663; W 9665.

After consideration of Calendar Item 22 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION RATIFIES THE ACTION OF THE EXECUTIVE OFFICER IN ACCEPTING THE ALTERNATE SECURITY SUBMITTED PURSUANT TO SECTION 19 OF THE ROYALTY OIL SALES CONTRACTS AS FOLLOWS:

1. LETTER OF CREDIT IN THE AMOUNT OF \$200,000 SUBMITTED BY U SAVE AUTOMATIC CORPORATION COVERING ROYALTY OIL SALES CONTRACT PRC 4834.1.
2. LETTER OF CREDIT IN THE AMOUNT OF \$300,000 SUBMITTED BY U SAVE AUTOMATIC CORPORATION COVERING ROYALTY OIL SALES CONTRACT PRC 4835.1.

Attachment:

Calendar Item 22 (1 page)

CALENDAR ITEM

22.

8/74
 CPP
 W 9663
 W 9665

ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF BOND,
 ROYALTY OIL SALES CONTRACTS PRC 4834.1 AND PRC 4835.1

Royalty Oil Sales Contracts PRC 4834.1 and PRC 4835.1 were issued on November 29, 1973. Section 19 of the contracts 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. The following purchasers have submitted alternate security to satisfy the requirements of Section 19 of the sales contracts:

| <u>Purchaser</u> | <u>Contract</u> | <u>Amount</u> | <u>Security</u> |
|------------------------------|-----------------|---------------|------------------|
| U Save Automatic Corporation | PRC 4834.1 | \$200,000 | Letter of Credit |
| U Save Automatic Corporation | PRC 4835.1 | \$300,000 | Letter of Credit |

The above documents submitted as alternate security under the terms of the respective royalty oil sales contracts have been reviewed by the staff and the Office of the Attorney General and found to be adequate. Because of pressing time requirements, the Executive Officer signed the agreement on August 15, 1974.

IT IS RECOMMENDED THAT THE COMMISSION RATIFY THE ACTION OF THE EXECUTIVE OFFICER IN ACCEPTING THE ALTERNATE SECURITY SUBMITTED PURSUANT TO SECTION 19 OF THE ROYALTY OIL SALES CONTRACTS AS FOLLOWS:

1. LETTER OF CREDIT IN THE AMOUNT OF \$200,000 SUBMITTED BY U SAVE AUTOMATIC CORPORATION COVERING ROYALTY OIL SALES CONTRACT PRC 4834.1.
2. LETTER OF CREDIT IN THE AMOUNT OF \$300,000 SUBMITTED BY U SAVE AUTOMATIC CORPORATION COVERING ROYALTY OIL SALES CONTRACT PRC 4835.1.