

MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
No. 21 by the State Lands
Commission by a vote of 2
to 0 at its 8/26/76
meeting.

CALENDAR ITEM

8/76
WMT

29.

APPROVAL OF ASSIGNMENT OF INTEREST OF
EDGINGTON OIL COMPANY TO NEW EDGINGTON CORPORATION,
PARCEL "A" OIL CONTRACT, CITY OF LONG BEACH

Effective March 18, 1972, the City of Long Beach, pursuant to the statutory competitive bidding procedures and Commission approval, entered into a Parcel "A" Oil Contract with Powering Oil Company, Rothschild Oil Company and Edgington Oil Company, (referred to collectively as Contractor), for the production, disposition and accounting of oil from Parcel "A" in the Long Beach granted tidelands.

Section 27 of the Parcel "A" Oil Contract states, in part, "Neither the Contractor, nor any of its successors or assigns, shall have the right or power to assign, hypothecate, pledge, or in any manner dispose of this contract, or any part thereof, or of the whole or any part of the Contractor's rights, privileges, or obligations hereunder, without first obtaining the written consent of, and subject to such terms and conditions as may be prescribed by, the City Manager, after the City Manager has obtained State Lands Commission approval therefor."

The Edgington Oil Company has negotiated the sale of substantially all of its assets to the Buckeye Pipeline Company, a subsidiary of the Pennsylvania Company. The New Edgington Corporation, the corporate affiliate of Buckeye Pipeline Company, is actually acquiring the Edgington Oil Company interests. New Edgington Corporation is qualified to do business in California as a foreign corporation and will change its name to "Edgington Oil Company, Inc" upon consummation of the sale. The closing date for the sale is August 31, 1976.

The City of Long Beach has provided the Division with a copy of the Assignment and Assumption Agreement between Edgington Oil Company and New Edgington Corporation, and a rider to the existing faithful performance bond in the aggregate principal amount of \$1,000,000, together with the financial statements and supplementary information regarding the Pennsylvania Company, Buckeye Pipeline Company and the Edgington Oil Company, Inc.

The Division has reviewed the proposed assignment of interest and is of the opinion that the purchasers of Edgington Oil Company are capable and can perform the obligations of the Parcel "A" Oil Contract.

The office of the Attorney General has reviewed the Assignment and Assumption Agreement for legal sufficiency and is of the opinion that the Commission may approve the subject assignment of interest.

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CALENDAR ITEM NO. 29. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE CONSENT OF THE CITY MANAGER OF THE CITY OF LONG BEACH TO ASSIGN THE INTEREST OF EDGINGTON OIL COMPANY IN THE PARCEL "A" OIL CONTRACT TO NEW EDGINGTON CORPORATION.

EXHIBIT: A. Assignment and Assumption Agreement.