

Item No. 28  
Approved as Minute Item  
by the State Lands  
Commission by a vote of 3  
0 at its 1/30/77  
meeting.

CALENDAR ITEM

1/77  
WMT

28.

TAX LITIGATION SETTLEMENT AGREEMENT  
RE POWERINE OIL COMPANY, ETC., ET AL. V.  
COUNTY OF LOS ANGELES, ET AL., LOS ANGELES COUNTY  
SUPERIOR COURT CASE NOS. C-66890, C-88257 AND C-125674.

The City of Long Beach has requested Commission approval of a tax litigation settlement agreement among Powerine Oil Company, Rothschild Oil Company and Edgington Oil Company (hereinafter referred to collectively as "Powerine" and which comprise the Parcel "A" Contractor), the County of Los Angeles and the City of Long Beach.

Powerine has protested the levying of ad valorem property taxes on its interests under the Parcel "A" Oil Contract and has filed lawsuits seeking recovery of taxes paid for taxable years 1972-73, 1973-74 and 1974-75. Because the Parcel "A" Oil Contract under which Powerine operates did not take effect until March 18, 1972, Powerine was not a party to the Ad Valorem Tax Cases which, pursuant to a stipulated judgment, settled the question of taxable interests under then-existing contracts and agreements in the Long Beach Tidelands. In those cases, it was agreed that Atlantic Richfield, the Contractor for Parcel "A" operating under a contract similar to the present Parcel "A" Oil Contract, hold the taxable mining rights and possessory interests in Parcel "A". Powerine has contended that unlike the contract under which Atlantic Richfield operated in Parcel "A", the present Parcel "A" Oil Contract does not vest in Powerine any taxable interest in mining rights or in fixtures and facilities. The County has contended that its assessments and tax levies against Powerine as Parcel "A" Contractor are valid and correct and consistent with assessments and levies on other private contractors who exercise similar rights in the Long Beach Tidelands under written contracts substantially identical to the Parcel "A" Oil Contract.

The Tax Litigation Settlement Agreement, here presented to the Commission for its approval, provides, inter alia, that the County shall pay directly to Powerine \$66,000 as a full and final settlement of whatever past, present and future rights Powerine might have relating to the disputed assessments of its mining rights and possessory interests in Parcel "A" under the Parcel "A" Oil Contract; that the County shall pay directly to the State \$54,000 as a full and final settlement of whatever past, present and future beneficial interest the State might have relating to the disputed assessments of Powerine's mining rights and possessory interests in Parcel "A" under the Parcel "A" Oil Contract by reason of its beneficial interests in net revenue from oil production subject to disposition and division pursuant to Chapter 138, Statutes of 1964, 1st E.S.; and that for the tax year 1972-1973, and for all succeeding tax years

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to and through the expiration of the Parcel "A" Oil Contract, Powerline, as Contractor under the Parcel "A" Contract, has and holds the taxable mining rights in Parcel "A" and the taxable possessory interest in fixtures and facilities in Parcel "A".

The Office of the Attorney General has reviewed the subject Tax Litigation Settlement Agreement, has approved it as to form and has advised that the Commission may approve the settlement.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE TAX LITIGATION SETTLEMENT AGREEMENT RE POWERLINE OIL COMPANY, ETC., ET AL. V. COUNTY OF LOS ANGELES, ET AL., LOS ANGELES SUPERIOR COURT CASE NOS. C-66890, C-88257 AND C-125674.