

22. AGREEMENT, PARTITIONING JOINTLY HELD NON-OPERATING CONTRACTORS' INTEREST IN TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

During consideration of Calendar Item 22, the Commission indicated that they were not in favor of this item because it was their conclusion there would be no benefit to the state in partitioning the interest of Atlantic Richfield's and Chevron's jointly held non-operating contractors' interest in Tract No. 1, and the assignment related thereto.

Chairman Kenneth Cory asked if anyone were present to speak on this item. John Parkin representing the City of Long Beach, appeared. It was his opinion that ARCO was interested in partitioning its interest so they in turn could assign their interest to an independent--Century Oil Co.

However, due to the Commission's concerns, no action was taken on this item. The Commission stated that if the parties could show that this action would be beneficial to the state, they would be willing to take it under consideration at a future meeting.

Attachment: Calendar Item 22 (one page)

AGREEMENT PARTITIONING JOINTLY HELD NON-OPERATING
CONTRACTORS' INTEREST IN TRACT NO. 1, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested Commission approval of "Agreement and Assignment (Tract 1, Long Beach Unit)" entered into between Atlantic Richfield Company and Chevron USA, Inc., to provide for the partition of the companies' jointly held Non-Operating Contractors' interests in the Contractors' Agreement for the Long Beach Unit.

On April 1, 1965, the predecessors in interest of Atlantic Richfield and Chevron, after competitive public bidding, acquired 4 non-operating interests in the Contractors' Agreement, Long Beach Unit. These were the 5%, 2½%, 1½% and 1% interests, totaling 10%.

Under the terms of the subject Agreement and Assignment, Atlantic Richfield and Chevron will partition their jointly held interests so that each will separately have Non-Operating Contractors' interests equal to 5%. Atlantic Richfield will assign to Chevron all its rights and interest in the 5% share, and Chevron will assign to Atlantic Richfield all its rights and interests in the 2½%, 1½% and 1% share.

In order to equalize the present value of the assigned interests, which have different net profits bid percentages, Atlantic Richfield will pay Chevron the sum of \$22,300.

The assignments will become effective on the first day of the month following approval by the State Lands Commission and the City of Long Beach. Both city and State approval of the assignments are required by Article 25 of the Contractors' Agreement.

The Commission's staff and the Office of the Attorney General have reviewed the subject Agreement and Assignment and found it in proper form and that it may be approved by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO ARTICLE 25, CONTRACTORS' AGREEMENT, LONG BEACH UNIT, APPROVE THE AGREEMENT AND ASSIGNMENT (TRACT 1, LONG BEACH UNIT), ENTERED INTO ON APRIL 17, 1978, BETWEEN ATLANTIC RICHFIELD COMPANY AND CHEVRON USA, INC.

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