

MINUTE ITEM

This Calendar Item No. 40
was approved as Minute Item
No. 40 by the State Lands
Commission by a vote of 3
to 0 at its 6/21/84
meeting.

CALENDAR ITEM

A 57,58

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CONSENT TO ASSIGNMENT TO PILOT PETROLEUM CORPORATION OF THREE LONG BEACH UNIT TRACT 1 SELL-OFF CONTRACTS

On March 24, 1983, the Commission approved the award by the City of Long Beach and the Field Contractor to Pilot Petroleum Corporation of three sell-off contracts for crude oil from Tract 1 of the Long Beach Unit. The contracts were for 2 percent, 2 percent and 1-1/2 percent, respectively, of the crude oil allocated to Tract 1 (together about 3,000 barrels per day) and provided for deliveries to commence on September 1, 1983, and to continue until March 1, 1985. The bonus payable under each of the contracts is \$0.92 per barrel.

On November 21, 1983, the Pilot Petroleum Corporation to which the contracts were awarded ("Old Pilot") changed its name to Tampimex Petroleum Corporation. A corporation incorporated in Delaware on September 19, 1983, under the name of Tampimex Petroleum Corporation changed its name to Pilot Petroleum Corporation ("New Pilot") on November 21, 1983. In March 1984, Old Pilot agreed to transfer certain of its assets, including all of its interests in the three Tract 1 sell-off contracts, to New Pilot. The transfer was made under written instruments dated March 23, 1984, with New Pilot assuming Old Pilot's undertaking to the bank on the letter of credit issued as security under the contracts. All written documentation of this transfer has been submitted to the City of Long Beach, the Field Contractor and the State. Throughout these transfer proceedings, both Old Pilot and New Pilot have completely performed their obligations to take delivery of and timely pay for the crude oil.

Under Paragraph 8 of each of the three sell-off contracts, the City of Long Beach, the Field Contractor and the State Lands Commission must consent to any assignment of the contracts. The staff and the Attorney General's office have reviewed the assignment documents and have found them to be in order and recommend the Commission's approval of the assignment of the three sell-off contracts from Old Pilot to New Pilot.

IT IS RECOMMENDED THAT:

1. THE COMMISSION APPROVE THE ASSIGNMENT BY TAMPIMEX PETROLEUM CORPORATION (FORMERLY PILOT PETROLEUM CORPORATION) TO PILOT PETROLEUM CORPORATION OF ALL THE RIGHTS IN AND THE ASSUMPTION BY THE LATTER OF ALL OF THE OBLIGATIONS UNDER THE FOLLOWING THREE CONTRACTS.
 - a. CRUDE OIL SALES CONTRACT LONG BEACH UNIT, SELL-OFF OIL (FIRST 2 PERCENT SEGMENT), ENTERED INTO SEPTEMBER 1, 1983;
 - b. CRUDE OIL SALES CONTRACT, LONG BEACH UNIT, SELL-OFF OIL (SECOND 2 PERCENT SEGMENT), ENTERED INTO SEPTEMBER 1, 1983; AND
 - c. CRUDE OIL SALES CONTRACT, LONG BEACH UNIT, SELL-OFF OIL (1-1/2 PERCENT SEGMENT), ENTERED INTO SEPTEMBER 1, 1983.
2. THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE ON ITS BEHALF APPROPRIATE WRITTEN INSTRUMENTS DOCUMENTING ITS CONSENT TO THE ASSIGNMENT.