

31. APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENTS, PAULEY PETROLEUM INC. AND ALLIED CHEMICAL CORPORATION, LONG BEACH UNIT - W.O. 5200.503.2.

During consideration of Calendar Item 34 attached, the Executive Officer reported that the recommendation was written on the premise and conditionally dependent upon submission of additional requisite documentation, which, in fact, was not received until last Friday. Therefore, the last paragraph of the recommendation should read: "The approval of the documents shall be subject to their approval by the City Manager of the City of Long Beach."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION APPROVES THE FOLLOWING DOCUMENTS SUBMITTED TO THE CITY OF LONG BEACH BY PAULEY PETROLEUM INC. AND ALLIED CHEMICAL CORPORATION, NONOPERATING CONTRACTORS OF AN UNDIVIDED 10% SHARE OF THE LONG BEACH UNIT, WILMINGTON OIL FIELD:

1. CONVEYANCE OF PRODUCTION PAYMENT BY PAULEY PETROLEUM INC. TO QUADRANGLE FOUNDATION, INC., EFFECTIVE DATE SEPTEMBER 1, 1966.
2. SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST, AND ASSIGNMENT OF SAID PRODUCTION PAYMENT DATED AUGUST __, 1966, BY QUADRANGLE FOUNDATION, INC., TO ALVIN C. JOHNSON, TRUSTEE FOR THE FIRST NATIONAL BANK OF CHICAGO.
3. CONVEYANCE OF PRODUCTION PAYMENT BY ALLIED CHEMICAL CORPORATION TO RED HILL OIL COMPANY, EFFECTIVE DATE DECEMBER 1, 1965.
4. MORTGAGE, DEED OF TRUST, AND ASSIGNMENT OF SAID PRODUCTION PAYMENT DATED DECEMBER 29, 1965, BY RED HILL OIL COMPANY TO GEORGE O. PODD, JR., TRUSTEE FOR THE CONTINENTAL ILLINOIS NATIONAL BANK.

THE APPROVAL OF THE DOCUMENTS SHALL BE SUBJECT TO THEIR APPROVAL BY THE CITY MANAGER OF THE CITY OF LONG BEACH.

Attachment

Calendar Item 34 (2 pages)

34.

APPROVAL OF CONVEYANCE OF PRODUCTION PAYMENTS, PAULEY PETROLEUM INC. AND ALLIED CHEMICAL CORPORATION, LONG BEACH UNIT - W.O. 5200.503.2.

On March 2, 1965, the State Lands Commission approved the execution by the City Manager of the City of Long Beach of the Contractors' Agreement for the Long Beach Unit of the Wilmington Oil Field on behalf of the City, as Trustee for the State, and the award of the Contractors' Agreement to the highest responsible bidders as Field Contractors and Nonoperating Contractors, respectively.

The Nonoperating Contract for the 10% undivided share was awarded to Pauley Petroleum Inc. and Allied Chemical Corporation.

Article 25 of the Contractors' Agreement provides, in part: "None of the Contractors nor any of their successors or assigns shall have the right or power to assign, hypothecate, pledge, or in any manner dispose of its rights, privileges or obligations under this agreement, or any part thereof, without first obtaining the written consent of, and subject to such terms and conditions as may be prescribed by, the City Manager, with the approval of the State."

A request has been submitted by the Office of the Long Beach City Attorney for the State Lands Commission to approve, pursuant to Article 25 of the Contractors' Agreement, the following documents:

1. Conveyance of Production Payment by Pauley Petroleum Inc. to Quadrangle Foundation, Inc., effective date September 1, 1966.
2. Security Agreement, Mortgage, Deed of Trust, and Assignment of said Production Payment dated August ____, 1966, by Quadrangle Foundation, Inc., to Alvin C. Johnson, Trustee for the First National Bank of Chicago.
3. Conveyance of Production Payment by Allied Chemical Corporation to Red Hill Oil Company, effective date December 1, 1965.
4. Mortgage, Deed of Trust, and Assignment of said Production Payment, dated December 29, 1965, by Red Hill Oil Company to George O. Podd, Jr., Trustee for the Continental Illinois National Bank.

Appropriate language has been inserted, primarily in Section 14 of each of the Production Payment Conveyances, to assure that the proposed documents will not change the working relationship as it now exists between Pauley Petroleum Inc. and Allied Chemical Corporation vis a vis the State, the City, and the Long Beach Unit.

The surety and Pauley Petroleum Inc. have consented to and approved the documents submitted by Allied Chemical Corporation. Similar documents covering the Conveyances by Pauley Petroleum Inc. will be submitted by the surety and Allied Chemical Corporation.

SUPPLEMENTAL CALENDAR ITEM 34. (CONTD.)

The material submitted has been reviewed by the staff, and appears to be satisfactory.

The Office of the Attorney General has advised that the Commission may properly approve the documents as submitted.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FOLLOWING DOCUMENTS SUBMITTED TO THE CITY OF LONG BEACH BY PAULEY PETROLEUM INC. AND ALLIED CHEMICAL CORPORATION, NONOPERATING CONTRACTORS OF AN UNDIVIDED 10% SHARE OF THE LONG BEACH UNIT, WILMINGTON OIL FIELD:

1. CONVEYANCE OF PRODUCTION PAYMENT BY PAULEY PETROLEUM INC. TO QUADRANGLE FOUNDATION, INC., EFFECTIVE DATE SEPTEMBER 1, 1966.
2. SECURITY AGREEMENT, MORTGAGE, DEED OF TRUST, AND ASSIGNMENT OF SAID PRODUCTION PAYMENT DATED AUGUST ____, 1966, BY QUADRANGLE FOUNDATION, INC., TO ALVIN C. JOHNSON, TRUSTEE FOR THE FIRST NATIONAL BANK OF CHICAGO.
3. CONVEYANCE OF PRODUCTION PAYMENT BY ALLIED CHEMICAL CORPORATION TO RED HILL OIL COMPANY, EFFECTIVE DATE DECEMBER 1, 1965.
4. MORTGAGE, DEED OF TRUST, AND ASSIGNMENT OF SAID PRODUCTION PAYMENT, DATED DECEMBER 29, 1965, BY RED HILL OIL COMPANY TO GEORGE O. FODD, JR., TRUSTEE FOR THE CONTINENTAL ILLINOIS NATIONAL BANK.

THE APPROVAL OF THE DOCUMENTS SHALL BE SUBJECT TO THEIR APPROVAL BY THE CITY MANAGER OF THE CITY OF LONG BEACH.