

MINUTE ITEM

5/27/71  
CVB

17. SUPPLEMENTAL SECURITY AGREEMENT AND DEED OF TRUST, PAULEY PETROLEUM INC., CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD.

After consideration of Calendar Item 13 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE "SUPPLEMENTAL SECURITY AGREEMENT AND DEED OF TRUST" AS SUBMITTED BY THE CITY OF LONG BEACH, IN RELATION TO THE INTEREST OF PAULEY PETROLEUM INC., AS NONOPERATING CONTRACTOR WITH A 10% UNDIVIDED SHARE OF THE CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD.

THE APPROVAL OF THIS AGREEMENT SHALL BE SUBJECT TO ITS CONCURRENT APPROVAL BY THE CITY MANAGER OF THE CITY OF LONG BEACH.

Attachment:

Calendar Item 13 (1 page)

CALENDAR ITEM

5/71  
CVB

13.

SUPPLEMENTAL SECURITY AGREEMENT AND DEED OF TRUST, PAULEY PETROLEUM INC., CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD.

Pauley Petroleum Inc. holds the nonoperating contract for a 10% undivided share under the Contractors' Agreement, Long Beach Unit. Article 25 of this 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."

The City of Long Beach, pursuant to Article 25, above, has submitted a document entitled "Supplemental Security Agreement and Deed of Trust," between Pauley Petroleum Inc., and Alvin C. Johnson as trustee for the First National Bank of Chicago.

The purpose of this Supplemental Agreement is to provide additional security for a line of credit that Pauley has established with the First National Bank of Chicago. A major portion of the indebtedness to be secured by Pauley's Long Beach Unit interest was incurred with Pauley's recent acquisition of the interests of Allied Chemical Corporation.

The office of the Attorney General has advised that the Commission may properly approve the agreement as submitted.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE "SUPPLEMENTAL SECURITY AGREEMENT AND DEED OF TRUST" AS SUBMITTED BY THE CITY OF LONG BEACH, IN RELATION TO THE INTEREST OF PAULEY PETROLEUM INC., AS NONOPERATING CONTRACTOR WITH A 10% UNDIVIDED SHARE OF THE CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD.

THE APPROVAL OF THIS AGREEMENT SHALL BE SUBJECT TO ITS CONCURRENT APPROVAL BY THE CITY MANAGER OF THE CITY OF LONG BEACH.