MINUTE ITEM

11/18/71
CVB

16. STATUS REPORT, PAYMENTS BY FIELD CONTRACTOR, TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD.

The attached Calendar Item 5 was submitted to the Commission for information only, no action thereon being necessary.

Attachment:
Calendar Item 5 (1 page)

A 39, 44, and 68
S 32 and 37
M

STATUS REPORT, PAYMENTS BY FIELD CONTRACTOR, TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD.

The Contractors' Agreement for the Long Beach Unit provides that the Field Contractor shall pay to the City of Long Beach each calendar month an amount equal to the bid percentage (95.56%) of the net profits attributable to the Field Contractor less all prior payments, or 16-2/3% of the Contractor's percentage of the total value of oil and gas liquids allocated less all prior payments, whichever is higher.

During September 1971, the Field Contractor's account reached "payout"; that is, the Contractor's bid percentage of the cumulative net profits attributable to the Field Contractor exceeded the $75,000,000 Initial Consideration and Advance Royalty paid by the Contractor. The $75,000,000 was shared equally by the State of California and the City of Long Beach. The Contractor will now pay 95.56% of the net profits to the City of Long Beach for distribution between the City and the State. A payment of $3,098,571, representing 95.56% of the net profits from Tract No. 1 for the month of September 1971, was paid to the City in October 1971. This is the first payment to be received from the Field Contractor since April 1970, the end of the Advance Royalty period.

This first payment and all future payments based on the Field Contractors bid percentage of net profits will be divided between the City of Long Beach and the State in accordance with the provisions of Section 4(e), Chapter 138, Statutes of 1964, 1st E.S. Currently, the City will retain $9,000,000 annually, with the balance to be remitted to the State Treasury. Based on the initial net profits payment by the Field Contractor, the State's share of the total payment is 65%.

A 39, 44 and 68
S 32 and 37
M