

MINUTE ITEM

4/24/74
CPP

28. ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF FOND, ROYALTY OIL SALES CONTRACTS PRC 4832.1, PRC 4833.1, PRC 4836.1, PRC 4837.1; ORANGE AND LOS ANGELES COUNTIES - W 9662, W 9664, W 9665, W 9667.

After consideration of Calendar Item 28 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION ACCEPTS THE ALTERNATE SECURITY SUBMITTED PURSUANT TO SECTION 19 OF THE ROYALTY OIL SALES CONTRACTS AS FOLLOWS:

1. LETTER OF CREDIT IN THE AMOUNT OF \$50,000 SUBMITTED BY GUSTAFSON OIL COMPANY OF CALIFORNIA COVERING ROYALTY OIL SALES CONTRACT PRC 4832.1.
2. LETTER OF CREDIT IN THE AMOUNT OF \$125,000 SUBMITTED BY U. S. OIL & REFINING COMPANY COVERING ROYALTY OIL SALES CONTRACT PRC 4833.1.
3. TIME CERTIFICATE IN THE AMOUNT OF \$600,000 SUBMITTED BY WORLD OIL COMPANY COVERING ROYALTY OIL SALES CONTRACT PRC 4836.1.
4. TIME CERTIFICATE IN THE AMOUNT OF \$200,000 SUBMITTED BY WORLD OIL COMPANY COVERING ROYALTY OIL SALES CONTRACT PRC 4837.1.

Attachment:

Calendar Item 28 (1 page)

CALENDAR ITEM

28.

4/74

CPP

W 9662

W 9664

W 9666

W 9667

ACCEPTANCE OF ALTERNATE SECURITY IN LIEU OF BOND,
ROYALTY OIL SALES CONTRACTS
PRC 4833.1, PRC 4836.1, AND PRC 4837.1

Royalty Oil Sales Contracts PRC 4832.1, PRC 4833.1, PRC 4836.1 and PRC 4837.1 were issued on November 29, 1973. Section 19 of the Contracts requires the purchaser to furnish a good and sufficient bond to the State. Section 19 also provides that the purchaser may, with the prior written approval of the State, provide alternate security.

The following purchasers have submitted alternate security to satisfy the requirements of Section 19 of the Sales Contracts:

<u>Purchaser</u>	<u>Contract</u>	<u>Amount</u>	<u>Security</u>
Gustafson	PRC 4832.1	\$ 50,000	Letter of Credit
U. S. Oil & Refining Co.	PRC 4833.1	125,000	Letter of Credit
World Oil Company	PRC 4836.1	600,000	Time Certificate
World Oil Company	PRC 4837.1	200,000	Time Certificate

The above documents submitted as alternate security under the terms of the respective Royalty Oil Sales Contracts have been reviewed by the staff and the Office of the Attorney General and found to be adequate.

IT IS RECOMMENDED THAT THE COMMISSION ACCEPT THE ALTERNATE SECURITY SUBMITTED PURSUANT TO SECTION 19 OF THE ROYALTY OIL SALES CONTRACTS AS FOLLOWS:

1. LETTER OF CREDIT IN THE AMOUNT OF \$50,000 SUBMITTED BY GUSTAFSON OIL COMPANY OF CALIFORNIA COVERING ROYALTY OIL SALES CONTRACT PRC 4832.1.
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