

MINUTE ITEM

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1/23/86

CALENDAR ITEM

A 57, 58

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01/23/86

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Pace

APPROVAL OF AMENDMENT TO PARCEL "A" OIL CONTRACT  
REMOVING ROTHSCHILD OIL COMPANY AS A PARTY

At its December 1985 meeting, the State Lands Commission approved the consolidation of LBOD and Parcel "A" operations and an amendment to the Parcel "A" Oil Contract providing that the \$50,000 yearly service fee that the Parcel "A" Oil Contractor must pay to LBOD for acting as field operator shall be a reimbursable expense. When the consolidation is effected, the Parcel "A" Contractor will no longer be conducting field operations, having contracted with LBOD to perform these functions.

The Parcel "A" Contractor consists of Powerine Oil Company, Edgington Oil Company and Rothschild Oil Company. Powerine and Edgington each hold a 50 percent interest in the operation, such that each is entitled to 50 percent of the oil and each pays 50 percent of the expenses. Rothschild, which is a general partnership, is a part of the Parcel "A" Contractor, but it has no share in the oil produced and has made no financial contribution to the operation of Parcel "A". The Rothschild partnership was included in the group that bid on the Parcel "A" Oil Contract to provide an entity with oil producing experience, of which Powerine and Edgington then had none. The singular reason for Rothschild's participation in the group constituting the Parcel "A" Contractor has never been significant and with the assumption of field operations by LBOD has even less importance.

Rothschild would like to be removed as a party to the Parcel "A" Oil Contract. The other parties, Powerine, Edgington and the City of Long Beach, agree that it would be in their best interests if this were done. An amendment to the Parcel "A" Oil Contract removing Rothschild as a party has been approved by the Long Beach City Council subject to approval by the State Lands Commission. If approved by the Commission, the amendment

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will be executed by the Long Beach City Manager. The amendment is attached as Exhibit "A".

Section 10(b) of Chapter 29, Statutes of 1956, 1st E.S. provides that no contract relating to the development of oil and gas in the Long Beach tidelands shall be amended without the advance consent of the State Lands Commission.

EXHIBIT:           A. Amendment of Oil Contract.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE AMENDMENT (ATTACHED AS EXHIBIT "A") TO THE PARCEL "A" OIL CONTRACT REMOVING ROTHSCHILD OIL COMPANY AS A PARTY.

1 CONSENT AND ASSUMPTION AGREEMENT

2  
3 THIS AGREEMENT is dated this \_\_\_\_\_ day of \_\_\_\_\_,  
4 1986, by and between the City of Long Beach, a municipal corpora-  
5 tion, (hereinafter referred to as "City"), and by Powerine Oil  
6 Company, a California corporation, Rothschild Oil Company, a  
7 general partnership, and New Edgington Corporation, a Delaware  
8 corporation, (hereinafter collectively referred to as "Contractor")  
9 and is made with reference to the following facts:

10 A. The parties hereto entered into a drilling and  
11 operating contract for the development and operation of Parcel  
12 "A" effective March 18, 1972 until February 28, 1989.

13 B. Contractor contemplates entering into an operating  
14 contract with Long Beach Oil Development Company (LBOD) wherein  
15 LBOD will carry on oil producing operations on Parcel "A".

16 C. Rothschild Oil Company, a general partnership, one  
17 of the parties to the contract, no longer participates in oil  
18 production and no longer participates financially in Parcel "A"  
19 operations.

20 D. Powerine Oil Company and New Edgington Corporation  
21 are willing to assume, in addition to their respective rights and  
22 duties under the Parcel "A" Contract, all rights, duties and  
23 responsibilities of Rothschild Oil Company under the Parcel "A"  
24 oil contract.

25 E. Section 27 of the Parcel "A" oil contract provides  
26 that no such assignment shall be made without first obtaining  
27 the written consent of and subject to such terms and conditions  
28 as may be prescribed by the City Manager of the City of Long

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# MEMORANDUM

date January 9, 1986  
to James R. Hemphill, Director, Department of Oil Properties  
from William E. Emick, Jr., Deputy City Attorney  
subject Amendment to Parcel "A" Oil Contract  
Attention: Bill Smith

Attached is a revised copy of Amendment to Parcel "A" Oil Contract. It has been revised to eliminate Rothschild Oil Company.

After the "Consent and Assumption Agreement" has been fully executed, I will ask Powerline Oil Company and New Edgington Oil Corporation to execute this Amendment.

JOHN R. CALHOUN, City Attorney

By  William E. Emick, Jr., Deputy

WEE:bjh  
Encl.  
cc: Alan Hager  
Wes Pace

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1 Beach, after the City Manager has obtained State Lands Commission  
2 approval therefore.

3 F. City is willing to grant its consent to such assign-  
4 ment upon the terms and conditions hereinafter provided.

5 NOW, THEREFORE, the parties hereto agree as follows:

6 1. Subject to the condition that prior approval by the  
7 State Lands Commission has been obtained, City hereby approves  
8 and consents to the assignment of interest by Rothschild Oil  
9 Comany to Powerine Oil Company and New Edgington Oil Corporation.

10 2. In consideration of said approval and consent,  
11 Powerine Oil Company and New Edgington Oil Corporation expressly  
12 assent to, assume, and agree to perform and be bound by all of  
13 the terms, covenants and conditions of said Parcel "A" oil con-  
14 tract.

15 3. As an additional consideration to granting of  
16 consent by City to the assignment, Powerine Oil Company and New  
17 Edgington Corporation agree they will, prior to the acceptance  
18 by it of this assignment, execute and deliver to City, as  
19 Obligee, an endorsement to the presently existing bond pursuant  
20 to said Drilling and Operating Contract, designating and changing  
21 the parties as contractor to be Powerine Oil Company, a Califor-  
22 nia corporation, and New Edgington Oil Corporation, a Delaware  
23 corporation, effective as of the date of execution of this  
24 Consent and Assumption Agreement.

25 This endorsement shall be subject to approval as to  
26 form by the City's City Attorney and as to sufficiency by the  
27 City Manager.

28 4. Except as expressly provided for herein, all of

1 the terms, conditions, covenants and provisions contained in  
2 the Parcel "A" oil contract, as amended, shall remain in full  
3 force and effect and shall apply to and bind Powerine Oil Company  
4 and New Edgington Oil Corporation, their successors and assigns.

5 IN WITNESS WHEREOF, the parties hereto have caused  
6 this Consent and Assumption Agreement to be effective as of the  
7 date this Agreement is fully executed by all the parties set  
8 forth below.

9  
10 \_\_\_\_\_, 1986

CITY OF LONG BEACH, a  
municipal corporation

11  
12 By \_\_\_\_\_  
City Manager

13  
14 \_\_\_\_\_, 1986

POWERINE OIL COMPANY, a  
California corporation

15  
16 By \_\_\_\_\_  
President

17  
18 By \_\_\_\_\_  
Secretary

19  
20  
21 \_\_\_\_\_, 1986

ROTHSCHILD OIL COMPANY, a  
general partnership

22  
23 By \_\_\_\_\_  
Partner

24 /  
25 /  
26 /  
27 /  
28 /

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1 \_\_\_\_\_, 1936

NEW EDGINGTON OIL CORPORATION, a  
Delaware corporation

2  
3 By \_\_\_\_\_  
4 President

5 By \_\_\_\_\_  
6 Secretary

7  
8 The foregoing Consent and Assumption Agreement is  
9 approved as to form this \_\_\_\_\_ day of \_\_\_\_\_, 1936.

10 JOHN R. CALHOUN, City Attorney

11 By \_\_\_\_\_  
12 Deputy

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14 City Attorney of Long Beach  
15 333 West Ocean Boulevard  
16 Long Beach, California 90802  
17 Telephone (213) 590-6081

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