

MINUTE ITEM

This Calendar Item No. 28
was submitted for information
only, no action thereon
being necessary.

INFORMATIVE
CALENDAR ITEM

A 57, 58
S 29

28

08/28/86
W 15060
Pace

REPORT ON THE IMPLEMENTATION OF ASSEMBLY BILL 2568

At its November 21, 1985 meeting, the State Lands Commission agreed to consider approval of a reduction in the rate of retroactive equity adjustments pursuant to the provisions of AB 2568 (Elder) provided that all statutory prerequisites were met. In December of 1985, at the request of the Executive Officer, the City of Long Beach as Unit Operator, contacted the appropriate Unit Participants for the purpose of attempting to obtain from them the necessary agreements for the implementation of any reduction in the rate of equity paybacks.

In response to the City's inquiry, several of the Unit Participants expressed concern over implementation of the Elder Bill and indicated that they would not be able to give their consent unless their concerns were satisfactorily addressed. The primary thrust of these concerns was that the objecting Unit Participants did not want to bear any of the costs associated with implementation of the bill. In fact, ARCO suggested that these costs be passed on to the Royalty Interest Owners.

On July 9, 1986 a meeting was held in Long Beach to which all of the Unit Participants and the Royalty Owners Association were invited. At that meeting the attorney for the Royalty Owners Association offered to prepare a proposal for the implementation of the Elder Bill which he said would satisfy all parties to the Unit and comply with the law. The representative from the State Lands commission agreed to present this proposal to the Commission at its August 1986 meeting.

Although an initial document was received it did not provide the depth of detail needed for specific action by the Commission. A subsequent meeting was held August 22 with the townlot representative and a more detailed proposal is expected in time for consideration at the Commission's September meeting.

(ADDED 08/25/86)

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