MINUTE ITEM
This Calendar Item No. 35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 2
0 at its 12/12/1989
meeting.

CALENDAR ITEM

A 57, 58

35

12/12/89
W 17095
R. Ludlow

S 29

CONSIDER APPROVAL OF CONSENT BY CITY OF LONG BEACH
TO ASSIGNMENTS TO ARCO LONG BEACH, INC.
OF INTERESTS OF TEXACO, UNOCAL, AND SHELL
IN THE FIELD CONTRACTOR'S SHARE IN THE
CONTRACTOR'S AGREEMENT, LONG BEACH UNIT

BACKGROUND:

At its meeting on October 26, 1989, the State Lands Commission approved the assignments to ARCO Long Beach, Inc. of the interests of Texaco, Unocal, and Shell in the field contractor's share in the Contractor's Agreement, Long Beach Unit. As a condition of its approval, the Commission required that Texaco, Unocal, and Shell remain jointly and severally liable for any matters arising under or affecting the performance of the field contractor's duties under the field contractor's agreement prior to or after the effective date of the assignments.

Texaco, Unocal, and Shell have objected to this provision to the extent they would be liable under the terms of the Contractor's Agreement for obligations or liabilities arising from events that occur after the effective date of the assignment agreement, and have stated that they will not go forward with the assignment if this provision is not modified.

Staff of the Commission and the City of Long Beach met with Arco, Texaco, Union, and Shell to discuss the problem and evaluate the risks and benefits to the State if this provision was modified to remove its prospective application. Under the circumstances prevalent in the Long Beach Unit today, taking into account the continued presence of Mobil and Exxon as parties to the Contractor's Agreement and for good and valuable consideration, the staff of the Commission recommends that the requested modification be made.



(REVISED 12/12/89)

The City concurs in this. All other terms and conditions of the Commission's approval of the assignments on October 26, 1989 shall remain unchanged and in full force and effect.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

2. APPROVE THE CONSENT BY THE CITY OF LONG BEACH TO THE ASSIGNMENTS TO ARCO LONG BEACH, INC. OF THE INTERESTS OF TEXACO, UNOCAL AND SHELL IN THE FIELD CONTRACTOR'S SHARE IN THE CONTRACTORS' AGREEMENT, LONG BEACH UNIT. THE CONSENT SHALL STATE THAT TEXACO, UNOCAL, AND SHELL SHALL REMAIN JOINTLY AND SEVERALLY LIABLE FOR ANY MATTERS ARISING UNDER OR AFFECTING THE PERFORMANCE OF THE FIELD CONTRACTOR'S DUTIES UNDER THE FIELD CONTRACTOR'S AGREEMENT PRIOR TO THE EFFECTIVE DATE OF THE ASSIGNMENTS, ANYTHING IN ANY AGREEMENT BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXACO, UNOCAL, OR SHELL TO THE CONTRARY NOTWITHSTANDING.

3. FIND THAT THE ASSIGNMENT SHALL NOT BE EFFECTIVE AS TO THE INTEREST OF TEXACO, INC. IN THE FIELD CONTRACTOR'S AGREEMENT UNTIL THE STATE LANDS COMMISSION HAS CERTIFIED IN WRITING TO THE CITY MANAGER OF THE CITY OF LONG BEACH THAT TEXACO, INC. HAS PROVIDED ALL OF THE DOCUMENTS UNDER ARTICLE 9 OF THE CONTRACTOR'S AGREEMENT THAT IT HAS BEEN CALLED UPON TO PROVIDE. SUCH CERTIFICATION MAY BE SIGNED BY THE EXECUTIVE OFFICER OR CHIEF COUNSEL OF THE STATE LANDS COMMISSION.

4. FIND THAT THE ASSIGNMENTS SHALL NOT BE EFFECTIVE UNTIL ARCO HAS CONSENTED IN WRITING NOT TO WITHHOLD, BASED UPON ANY RIGHT OR CLAIM OF SET-OFF OR RECOUPMENT EITHER AT LAW OR EQUITY, ANY NET PROFIT PAYMENT UNDER THE CONTRACTOR'S AGREEMENT DUE THE CITY OF LONG BEACH, AS TRUSTEE FOR THE STATE OF CALIFORNIA, TO RECOVER MONEY DUE ARCO UNDER A JUDGMENT THAT MAY BE ISSUED AGAINST THE STATE AND IN FAVOR OF ARCO IN CASE NO. C 603010, ENTITLED ATLANTIC RICHFIELD COMPANY, ET AL v. STATE LANDS COMMISSION, ET AL, PRESENTLY PENDING IN THE LOS ANGELES COUNTY SUPERIOR COURT. SAID CONSENT TO BE SUBSTANTIALLY IN THE FORM ON FILE WITH THE COMMISSION.

5. THAT BY GIVING ITS CONSENT TO THE ASSIGNMENTS, THE COMMISSION DOES NOT APPROVE ANY OF THE TERMS OR CONDITIONS OF THE CONTRACTS BETWEEN THE ASSIGNORS AND ARCO LONG BEACH AS ASSIGNEE WHICH IMPLEMENT THE ASSIGNMENT.