

MINUTE ITEM 01

W 503.802

Hight

APPROVE SETTLEMENT OF ANTITRUST/CONTRACT LITIGATION
REGARDING CITY OF LONG BEACH VS. STANDARD OIL COMPANY, ET AL.

Robert Hight, Chief Counsel, presented Calendar Item 01 to the Commissioners. He explained this Calendar Item was to seek authorization for a settlement with Texaco, Chevron, Mobil and Shell who have offered to settle with the State and the City of Long Beach for a total of \$180 million, plus dedication of all their non-heated pipelines to common carrier status. Three heated lines would be left for further State court adjudication.

Mr. Hight advised it was staff's recommendation that the Item be approved as it has previously been approved by the Long Beach City Council and the Attorney General's Office will be signing today.

Commissioner Burton asked which fiscal year this will be settled in terms of cash and also if the Governor could receive a copy of the settlement documents as soon as possible.

Mr. Hight advised it would be for the 91-92 fiscal year and that the Governor had been sent a copy of the agreement last Thursday, August 22, 1991.

After a brief discussion it was approved 3-0.

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CALENDAR ITEM

01

A)
S) N/A

08/26/91
W 503.802
R. Hight

APPROVE SETTLEMENT OF ANTITRUST/CONTRACT LITIGATION
REGARDING CITY OF LONG BEACH vs. STANDARD OIL COMPANY, ET AL

BACKGROUND

On June 26, 1975, the Commission and the City of Long Beach filed suit against the THUMS Companies (Texaco, Exxon, UNOCAL, Mobil and Shell) plus ARCO and Standard Oil. The Complaint alleged that the companies conspired to fix the price of crude oil which the State sold to the Defendant and for Breach of Contract. The Complaint covered the time period 1971 to 1977.

ARCO settled with the Plaintiffs in 1984 for \$22.5 million. In 1985, the State and City of Long Beach filed a second complaint in State Court against the remaining six companies.

In January 1991, Union Oil Company settled for approximately 48.8 million in cash and 10.2 million in environmentally sensitive property, plus dedication of their pipeline to common carrier status.

Trial is now set for September 16, 1991, against Exxon alone. Chevron, Texaco, Mobil and Shell have offered to settle both cases for a total of \$180,000,000 million, plus dedication of all their non-heated pipelines to common carrier status. Three heated lines would be left for further State court adjudication.

In the Shell Agreement, Plaintiffs have agreed to consider, but are not obligated to accept, up to 10 million in property in lieu of cash. The State need not accept any property from Shell unless the State desires to have it and can reach agreement with Shell on a price. The remainder of the Defendants would be settling for cash only.

The Agreement has been approved by the Long Beach City Counsel.

AB 884:
J/A

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CALENDAR ITEM NO. 01 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZES THE SETTLEMENT OF CITY OF LONG BEACH V. STANDARD OIL COMPANY ET AL. ON THE TERMS AS DESCRIBED HEREIN.

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