

CALENDAR ITEM

31.

9/78
Thompson

PARTITION AND ASSIGNMENT OF INTERESTS
IN TRACTS 1 AND 2 OF THE LONG BEACH UNIT

Three separate assignments are presented for the Commission's approval. The first proposal is that of Atlantic Richfield Company and Chevron, USA, Inc. to partition their 10% jointly held nonoperating contractors' interests in Tract 1 of the Long Beach Unit. These interests are comprised of 4 separate undivided shares. Under the proposal Chevron would acquire the single 5% share, and Atlantic Richfield would acquire the remaining 3 shares.

After the partition, Atlantic Richfield proposes to assign its resulting nonoperating contractor's interests, totalling 5% of Tract 1, to Century Resources Development, Inc. Atlantic Richfield also proposes concurrently to assign the entire interest in Tract 2 of the Long Beach Unit, which it presently owns, to Century. This is the second assignment presented to the Commission for its approval.

The third assignment presented for Commission approval involves Century's assignment of the Tract 1 and Tract 2 interests it would be acquiring from Atlantic Richfield to Petro-Lewis Corporation. The results of these assignments, if approved by the Commission, would be that Petro-Lewis would become the State's Contractor for Tract 2 and would have a nonoperating interest in Tract 1 totalling 5%, succeeding to all of the rights and obligations of Atlantic Richfield.

Article 25 of the Contractor's Agreement for Tract 1 provides that none of the contractor's or their successors shall have the right or power to assign any of its rights, privileges or obligations under the agreement without the prior consent of the City Manager and the State Lands Commission. Article 19 of the Tract No. 2 Agreement prohibits any assignment by the Contractor or its successors unless the prior consent of the State is obtained.

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