

CALENDAR ITEM

12/78
Thompson

34.

APPROVAL OF AGREEMENT AMONG SAN JOAQUIN OIL COMPANY,
dba SAN JOAQUIN REFINING COMPANY, WEST COAST
OIL COMPANY, AND THE CITY OF LONG BEACH,
CONCERNING PAYMENTS FOR OIL PURCHASED UNDER
SELL-OFF CONTRACTS, TRACT 1, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested State Lands Commission approval, pursuant to Section 3(a) of Chapter 138, Statutes of 1964, 1st E.S., and Section 10(a) of Chapter 29, Statutes of 1958, 1st E.S., of an agreement it has reached resolving disputes concerning the payment of bonuses for sell-off oil from Tract 1 of the Long Beach Unit sold to San Joaquin Refining Company and West Coast Oil Company.

The City will refund to San Joaquin and West Coast bonus payments made during the period of February 22, 1974 through January 16, 1975. These bonus payments total \$520,597.44. San Joaquin and West Coast will make bonus payments to the city for the period of October 1, 1976 to February 28, 1977. These bonus payments total \$163,414.61. Each party will pay simple interest at the rate of 7% per annum on the sum it owes covering the period from February 1, 1977 to the present. The settlement provides that it shall be consummated on or before December 29, 1978.

Because the city's collection of the bonus from February 22, 1974 through January 16, 1975 is a subject of a notice of probable violation previously issued to the city by the Department of Energy, this agreement, which in part provides for a refund of the amount, must be approved by the Department of Energy. It is anticipated that this approval will be obtained by December 29, 1978.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AGREEMENT AMONG THE CITY OF LONG BEACH, SAN JOAQUIN OIL COMPANY dba SAN JOAQUIN REFINING COMPANY AND WEST COAST OIL COMPANY RESOLVING DISPUTES OVER PAYMENTS FOR OIL PURCHASED UNDER SELL-OFF CONTRACTS FROM TRACT 1 OF THE LONG BEACH UNIT, WILMINGTON OIL FIELD.

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