

This Calendar Item No. 37
was approved as Minute Item
No. 37 by the State Lands
Commission by a vote of 2
to 2 at its 10/28/76
meeting.

CALENDAR ITEM

10/76
WMT

37.

APPROVAL OF AGREEMENT TERMINATING CERTAIN
CONTRACTS FOR SALE OF NATURAL GAS,
CITY OF LONG BEACH, MOBIL OIL CORPORATION
AND THE TERMO COMPANY ET AL.,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested approval of an Agreement Terminating Certain Contracts for Sale of Natural Gas between the City of Long Beach, as First Party; Mobil Oil Corporation, as Second Party; and the Termo Company, Oakes Petroleum Corporation, Oakes Oil Corporation, successor in interest of Margaret H. Oakes, deceased, Frende W. Combs, Eldredge F. Combs, Ernest F. Combs and the Trust Estate of E.E. Combs, deceased, referred to as "Contractors".

In 1938, 1939, 1949 and 1954, the Board of Harbor Commissioners of the City of Long Beach and its oil lessees of certain harbor lands adjacent to the inner harbor entrance channel, the Termo Company and the Oakes and Combs family interest, entered into contracts for the sale of natural gas and natural gas products from these harbor lands with Wilmington Gasoline Company. At the time of unitization of Fault Block IV in 1961, the properties leased by the Harbor Department to Termo and the Oakes and Combs interests were combined into a single tract.

On August 1, 1963, after approval by the State Lands Commission at its meeting of June 27, 1963, the Board of Harbor Commissioners, Socony Mobil Oil Company (Successor to Wilmington Gasoline Company) and The Termo Company, et al., entered into an agreement amending the previous gas sales agreements to conform with unitization of the properties and ownership interest changes. Since execution of the 1963 amendment agreement, Socony Mobil Oil Company changed its name to Mobil Oil Corporation.

In 1973, for economic and environmental reasons, all natural gas gathering and treating facilities in the Wilmington Oil Field were consolidated into a single system. This consolidation of facilities and the necessary agreements to accomplish the consolidation were approved by the State Lands Commission at its meeting of April 26, 1973.

Since May 1, 1973, the date of consolidation of all gas gathering and treating facilities in the Wilmington field, the subject natural gas sales agreements and amendments have had no real effect. However, by oversight, the parties to the agreements did not cancel or terminate the agreements. The proposed Agreement Terminating Certain Contracts for Sale of Natural Gas will mutually terminate the gas sales agreements and amendments retroactively as of May 1, 1973.

A 52, 57, 58
S 27, 21

CALENDAR ITEM NO. 57. (CONTD)

The City Council of the City of Long Beach has approved the Agreement Terminating Certain Contracts for Sale of Natural Gas.

The Office of the Attorney General has reviewed the termination agreement and is of the opinion that the Commission may approve the termination agreement, subject to assurance by the City of Long Beach that there are no outstanding claims by any parties to the contracts being terminated.

The Division has reviewed the termination agreement and has been assured by the City of Long Beach that all parties desire retroactive termination of the contracts and that there are no outstanding claims by any party to the subject natural gas contracts.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AGREEMENT TERMINATING CERTAIN CONTRACTS FOR SALE OF NATURAL GAS BETWEEN THE CITY OF LONG BEACH, AS FIRST PARTY; MOBIL OIL CORPORATION, AS SECOND PARTY; AND THE TERMO COMPANY ET AL., AS THIRD PARTY.