

MINUTE ITEM

4/29/65

29. APPROVAL OF FIELD CONTRACTOR'S PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,155, W.O. 5200.4.16.

During consideration of Calendar Item 5 attached, the question of protection in the event of a major disaster was discussed at some length. Assistant Attorney General Jay L. Shavelson pointed out that the cost of insurance could be prohibitive. It was also noted that the Field Operator carries coverage as the actual responsible operator, and that the insurance under consideration was merely a supplement and only to cover liability, if any, on the part of the State and City in connection with damage.

Mr. Harold A. Lingle, Chief Deputy City Attorney of the City of Long Beach, pointed out that in many instances the assets of all the contractors are available, and that under ordinary negligence conditions the contractors had a responsibility to hold the State and City harmless, and to pay any judgment against the City and the State.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION, PURSUANT TO THE TERMS OF THE CONTRACTORS' AGREEMENT, APPROVES POLICY NO. 102498, INCLUDING THE ENDORSEMENTS, ISSUED BY THE HARBOR INSURANCE COMPANY, INSURING THE FIELD CONTRACTOR, THE CITY OF LONG BEACH, AND THE STATE OF CALIFORNIA AGAINST LIABILITY FOR DEATH, PERSONAL INJURY, OR PROPERTY DAMAGE TO THE LIMIT OF ONE MILLION DOLLARS (\$1,000,000.00) SUSTAINED IN ANY ONE OCCURRENCE ARISING OUT OF THE OPERATIONS OF THE FIELD CONTRACTOR UNDER THE TERMS OF THE CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, SUBJECT TO APPROVAL BY THE COMMISSION OF THE AMOUNT OF THE PREMIUM WHEN SUCH AMOUNT HAS BEEN DETERMINED.

Attachment

Calendar Item 5 (1 page)

CALENDAR ITEM

5.

APPROVAL OF FIELD CONTRACTOR'S PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,145.

The City of Long Beach has transmitted a copy of the Field Contractor's policy of public liability and property damage insurance for State Lands Commission approval, pursuant to Article 31(b) of the Contractors' Agreement, Long Beach Unit, Wilmington Oil Field.

This Policy, No 102498, with endorsements, issued by the Harbor Insurance Company, insures Humble Oil & Refining Company, Shell Oil Company, Socony Mobil Oil Company Inc., Texaco Inc., and Union Oil Company of California, jointly and severally, in their capacities as Field Contractor, against liability for death, personal injury, or property damage to the limit of one million dollars (\$1,000,000.00) sustained in any one occurrence.

The policy became effective February 25, 1965, for a period of one year, with the provision that it cannot be cancelled unless a ten-day advance notice of cancellation has been served upon the City.

By indorsement, the coverage of the policy is extended to include as "named insured" THUMS, LONG BEACH INC.; and as "insured" the City of Long Beach and the State of California and their respective authorized officers, agents, employees, boards, and agencies, as respects liability arising out of the operations of ' ' Field Contractor under the terms of the Contractors' Agreement.

The policy does not specify the amount of the premium, since the insuring company cannot determine the exact premium until the methods of operation and classifications of employees are known. The Contractors' Agreement provides that the cost of this liability insurance shall be charged to the net profits account, where the City and State will bear nearly the entire burden. Therefore, it is recommended that the Commission's approval reserve the right to approve the amount of the premium when fixed by the insurer.

The Office of the Attorney General is of the opinion that the policy is in compliance with the requirements set forth in Article 31(b) of the Contractors' Agreement, and that it is legally sufficient for Commission approval subject to a reservation by the Commission of the right to approve the amount of the premium when determined.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO THE TERMS OF THE CONTRACTORS' AGREEMENT, APPROVE POLICY NO. 102498, INCLUDING THE ENDORSEMENTS, ISSUED BY THE HARBOR INSURANCE COMPANY, INSURING THE FIELD CONTRACTOR, THE CITY OF LONG BEACH, AND THE STATE OF CALIFORNIA AGAINST LIABILITY FOR DEATH, PERSONAL INJURY, OR PROPERTY DAMAGE TO THE LIMIT OF ONE MILLION DOLLARS (\$1,000,000.00) SUSTAINED IN ANY ONE OCCURRENCE ARISING OUT OF THE OPERATIONS OF THE FIELD CONTRACTOR UNDER THE TERMS OF THE CONTRACTORS' AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, SUBJECT TO APPROVAL BY THE COMMISSION OF THE AMOUNT OF THE PREMIUM WHEN SUCH AMOUNT HAS BEEN DETERMINED.