

MINUTE ITEM
This Calendar Item No. 52
was approved as Minute Item
No. 52 by the State Lands
Commission by a vote of 3
to 0 at its 8/10/88
meeting.

CALENDAR ITEM

A 58
S 37

52

08/10/88
PRC 425
Gonzalez

APPROVE THE FORM OF INDEMNITY AGREEMENT
BETWEEN SHELL AND THE CALIFORNIA COASTAL COMMISSION

LESSEE: Shell Western E&P Inc.
Attn. N. G. McKim
P. O. Box 11164
Bakersfield, California 93389

PARTY: California Coastal Commission
631 Howard Street
San Francisco, California 94105-3973

ACTION REQUESTED: Approve as to form an indemnity agreement
between Shell and the California Coastal
Commission concerning the permitting of
modifications to Platform "Emmy", State Oil and
Gas Lease PRC 425, Orange County.

BACKGROUND:

On March 2, 1988, the State Lands Commission
approved the proposal by Shell Western E&P Inc.,
the State's lessee for State Oil and Gas
PRC 425, to modify Platform Emmy and its
satellite platform. Among the modifications
approved were the addition of two decks to the
satellite to permit the relocation of the
platform offices, crews quarter, helicopter
deck and electric motor control center, the
installation of a second Platform Crane to
Platform Emmy, installation of additional
transformers, standby diesel generator and
upgraded lighting.

On June 9, 1988, the California Coastal Commission approved, with special conditions, Shell's application for a Coastal Development Permit (E-88-3) for the platform project. Special Condition Number 2, of the Coastal Development Permit requires that Shell Western E&P Inc., execute a lease restriction or other document approved by the State Lands Commission and acceptable to the Executive Director of the Coastal Commission (CCC). The document form shall provide:

(a) That Shell understands that the project site may be subject to extraordinary natural and manmade hazards including but not limited to hazards from earthquakes, structural failure, and subsidence; (b) that the project may cause extraordinary hazards, including but not limited to fire, explosions, vessel collision, spillage of oil or other hazardous materials, and; (c) that Shell unconditionally waives any claim of liability on the part of the Commission (CCC) and agrees to indemnify and hold harmless the Commission (CCC) and its advisors relative to the Commission (CCC) approval of the project for any damage cause by the project and/or due to natural or manmade hazards.

Counsel for the State Lands Commission, Coastal Commission and Shell Western E&P Inc. have agreed on a draft form of the indemnity agreement. This draft document is shown as Exhibit "A" and, by reference, is made a part hereof.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. For the Commission's approval of March 3, 1988 of the Platform Emmy project, a Negative Declaration EIR ND 433, State Clearinghouse #88012705 was prepared and adopted by the Commission at the March meeting.

CALENDAR ITEM NO. 52 (CONT'D)

2. The approval as to form of the indemnity agreement between Shell and the California Coastal Commission has been determined by staff to be an activity exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

EXHIBIT: A. Draft Form of Indemnity for Shell Western E&P Inc. (SWEPI) Application E-88-3.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE FORM OF AN INDEMNITY AGREEMENT MARKED EXHIBIT "A" AND BY REFERENCE MADE A PART HEREOF, BETWEEN SHELL WESTERN E&P INC. AND THE CALIFORNIA COASTAL COMMISSION TO SATISFY SPECIAL CONDITION NO. 2 OF COASTAL DEVELOPMENT PERMIT E-88-3 WHICH PERMITS CERTAIN ACTIVITIES ON PLATFORM EMMY AND ITS SATELLITE LOCATED ON STATE OIL AND GAS LEASE PRC 425, ORANGE COUNTY.

EXHIBIT " A "

Shell Western E & P Inc.
A Subsidiary of Shell Oil Company



P.O. Box 11164
Bakersfield, CA 93389

July 6, 1988

California Coastal Commission
631 Howard Street
Fourth Floor
San Francisco, CA 94105

Gentlemen:

SUBJECT: YOUR FILE NO. E-88/APPLICATION OF SHELL WESTERN E&P INC.
TO MODIFY PLATFORM EMMY-OFFSHORE
ORANGE COUNTY, CALIFORNIA

By this letter, Shell Western E&P Inc. ("SWEPI") agrees to indemnify the Coastal Commission, its individual members and its advisors, in accordance with the following: (a) that SWEPI understands that the project site may be subject to extraordinary natural and man-made hazards, including but not limited to hazards from earthquakes, structural failure, and subsidence; (b) that the project may cause extraordinary hazards, including but not limited to fire, explosions, vessel collision, spillage of oil or other hazardous materials; and (c) that SWEPI unconditionally waives any claim of liability on the part of the Commission and agrees to indemnify and hold harmless the Commission and its advisors relative to the Commission approval of the project for any damage caused by the project and/or due to natural or man-made hazards.

SWEPI also agrees that in the event SWEPI transfers or assigns the leasehold which is the subject of the permit application, a like restriction shall be executed by the Assignee as a condition of such transfer or assignment, and the Assignee shall also require subsequent assignees to assume the same restriction.

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EXHIBIT " A "

California Coastal Commission
July 6, 1988

A duplicate original of this agreement shall be filed with the State Lands Commission for notice purposes.

Very truly yours,



T. L. Marshall
Attorney in Fact

jfm/mn

AGREED AND ACCEPTED:

CALIFORNIA COASTAL COMMISSION

By: _____
Executive Director

_____ Date

APPROVED:

STATE LANDS COMMISSION

By: _____

_____ Date