

Decision No. 10515-

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
HERMOSA BEACH WATER CORPORATION for)
an order authorizing it to sell, in)
place, the oil, gas or other hydro-)
carbon substances, if any, underly-)
ing certain real property owned by)
it.)

ORIGINAL

Application No. 7553.

Carnahan and Clark, by Oliver O. Clark, for Applicants.
Frank L. Perry, City Attorney, for City of Hermosa
Beach, Protestant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing the Hermosa Beach Water Corporation to sell, in place, the oil, gas, or other hydro-carbon substances, if any, under certain real property owned by it, comprising about fifteen acres, situated near the City of Hermosa Beach, Los Angeles County, and more particularly described in the application, to F. D. Cornell Company, which is also the owner of the Hermosa Beach Water Corporation, the F.D. Cornell Company joining in the application.

Hearings were held in this matter before Examiner Williams at Hermosa Beach, on April 4, 1922, and at Los Angeles, April 5th, 1922.

The testimony shows that the Hermosa Beach Water Corporation is a public utility supplying domestic water to Hermosa Beach and vicinity, obtaining all of its water from wells situated on a portion of the property involved in this proceed-

ing. The pumping equipment covers only a small portion of the tract, leaving a large area which might be regarded as non-operative property except in so far as it is useful in preventing contamination of the water supply by excluding therefrom any oil or gas wells.

The issue presented in this application was whether or not the water company could permit the boring of oil or gas wells on its water bearing lands without thereby endangering the purity and quantity of its water supply. However, applicants contend, and the evidence shows that the water supply can be adequately protected by observance of proper precautions in drilling such oil and gas wells upon the tract in question. We conclude, therefore, that the application can be granted, subject to the conditions hereinafter set forth, without prejudice to the interests of the public dependent upon this water supply.

ORDER

Application having been filed with this Commission for permission to sell, in place, the oil, gas, or other hydro-carbon substances, if any, underlying certain real property owned by the Hermosa Beach Water Corporation, a public utility, public hearings having been held and the matter submitted,--

IT IS HEREBY ORDERED that said application be, and the same is hereby granted upon the following conditions:

1. No well for oil, gas or other hydro-carbon substances, shall be located within 500 feet of any well now existing or being drilled, from which the Hermosa Beach Water Corporation obtains, or seeks to obtain its water supply, in whole or in part, unless otherwise ordered by supplemental order of this Commission.

2. No well for oil, gas or other hydro-carbon substances shall be located on that portion of the property of the Hermosa Beach Water Corporation lying to the north and west of the County highway, being that property designated in applicant's Exhibit No. 2 as Tracts "A," "B," and "C".

3. In the event that any well drilled pursuant to the authority herein granted in which water has been encountered, is abandoned as an oil or gas well, then such well, together with a complete string of casing properly installed and landed at a point below the chief water bearing strata, shall become the property of the Hermosa Beach Water Corporation without cost or expense to said corporation.

4. Any well drilled for oil or gas upon the property of the Hermosa Beach Water Corporation shall be properly encased with an outside casing of not less than 20 inches diameter, to a depth sufficient to reach a hard formation suitable for landing the casing and allowing the same to be cemented in by the usual and proper process employed for that purpose, but in any event, such casing shall be carried to a depth of not less than 500 feet. Within said outside casing there shall be installed an inner screw casing of a diameter not greater than 6 inches less than the diameter of the outside casing, and the space between the inner and outer casing shall be properly filled with cement for the entire depth of the outside casing, and the top of said casings shall be anchored in a suitable manner with a solid block of concrete and properly tied in with anchor rods. The installation of said casings and compliance with this condition in all particulars shall be carried out under the direct supervision of the State Oil and Gas Supervisor, and shall, in all par-

ticulars not herein specifically set forth, be done in accordance with the orders of said Supervisor.

5. The foregoing conditions, 1 to 4, inclusive, shall be embodied in the provisions of the deed or other instrument used for the transfer of the property or rights therein as herein authorized, and shall be made binding upon any and all successors in interest to the parties thereto.

6. At the time of the transfer herein authorized, the F. D. Cornell Company shall deliver to Hermosa Beach Water Corporation an indemnity bond executed by a surety company and approved by this Commission, in the sum of not less than \$10,000.00 for the indemnification of the Hermosa Beach Water Corporation for any diminution or contamination of its water supply or damage to its property, or any part thereof, used and useful in the performance of its duties as a public utility water corporation which may result from any act or operation of the F. D. Cornell Company, or its successors in interest, in their use of the property herein authorized to be conveyed.

7. Within thirty (30) days after its execution, Hermosa Beach Water Corporation shall file with the Railroad Commission a certified copy of the deed or agreement under which said transfer is made.

8. The authority herein granted shall apply only to such conveyance as shall have been made on or before August 1, 1922.

9. The consideration given for the transfer of said public utility rights shall not be urged before this Commission, or any other public body, as a finding of the

value of said rights for any purpose other than the transfer herein authorized.

10. That within ten (10) days from the date on which Hermosa Beach Water Corporation actually relinquishes control and possession of the properties herein authorized, said Hermosa Beach Water Corporation shall file with the Railroad Commission a certified statement indicating the date on which such control was relinquished.

Dated at San Francisco, California, this 29th day of
May, 1922.

H. B. Brundage

Irvine Martin
Robert H. Brown
J. J. French
Commissioners.