

Decision No. ✓.

ORIGINAL

Decision No. 3782

BEFORE THE RAILROAD COMMISSION OF  
THE STATE OF CALIFORNIA.

In the matter of the application  
of COALINGA HOMESTAKE OIL COM-  
PANY, a corporation, for certifi-  
cate of public convenience and  
necessity and for leave to borrow  
\$5,000. on its one-year note.

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)  
) Application  
)  
)

No. 2356.

H. R. Crozier for applicant.  
Henry S. Richmond for Coalinga  
Consolidated Water Company and  
Pleasant Valley Water Company.

BY THE COMMISSION.

O P I N I O N

COALINGA HOMESTAKE OIL COMPANY applies for a  
certificate of public convenience and necessity to sell  
water for industrial uses in the oil fields near  
Coalinga, particularly in all of Sections 23, 24, 25,  
26, 35 and 36 in Township 20 South, Range 14 East M. D.  
B. & M. and in all of Section 6, Township 21 South, and  
Section 31, Township 20 South, both in Range 15 East,  
the water to be served through pipes leading to various  
oil wells in these sections.

Its articles of incorporation have been amended to authorize it to acquire and sell water for public or private use. The testimony showed that its water contains sulphur rendering it valuable for industrial uses. The water served by Pleasant Valley Water Company requires chemical or mechanical treatment before its introduction into boilers. This process requires considerable expense in installation and operation.

Water served by Santa Rosa Oil and Development Company in sections 6, 31 and 36 seems to be similar in quality to that of applicant. No complaint was shown of the Santa Rosa service or quality of water served for industrial uses. Santa Rosa Oil and Development Company is serving water at a metered rate of about one and one-quarter ( $1\frac{1}{4}$ ) to one and one-half ( $1\frac{1}{2}$ ) cents per standard barrel and at the following monthly flat rates:

Wells being drilled .....	\$100.00
Wells being pumped .....	50.00
Circulators on wells being drilled ..	125.00

Applicant plans to establish a rate of about one and one-half ( $1\frac{1}{2}$ ) cents per barrel, although it has not made careful computation of the cost of producing and serving water or of constructing its distributing system. It anticipates that the cost of three inch mains laid will not exceed fifty cents per lineal foot. It is apparently able to finance the enterprise.

No appraisal of applicant's property was offered by it or made by the Commission's engineers. It has acquired the necessary rights of way from private parties and does not need any public franchise.

Service in Sections 6 and 31 is vigorously opposed by Coalinga Consolidated Water Company and Pleasant Valley Water Company, the first producing and the latter distributing the domestic water supply for the inhabitants of the City of Coalinga. The latter has pipes running in Sections 5 and 32, adjoining said Sections 6 and 31, respectively, on the east. Neither company now has pipes in either Section 6 or 31.

Service in said Sections 6, 31 and 36 is also opposed by Santa Rosa Oil and Development Company, which has a water well producing sulphur water just beyond the southwest corner of Section 6, with pipes extending over most of that Section, and to the two wells of the Coalinga Syndicate in the southern portion of Section 31. It also supplies Section 36 through the pipes of Associated Oil Company, which controls that Section.

It is now serving water to the capacity of its present plant, but thinks its capacity can be doubled by installing additional pumping facilities. It has not indicated any desire or intention, however, to enlarge its capacity and extend its service.

The northern portion of Section 31, with all of Section 25 and most of Sections 19 and 23, is

owned or leased by Kern Trading and Oil Company, which supplies its own water. It has, however, made quite extended tests of the water of applicant with a view to using it in its boilers instead of using its own water, which it now produces.

Applicant's balance sheet as of June 30, 1916, condensed, is as follows:

*Assets		<u>Depreciation Deducted</u>
Cash	\$3411.99	
Accounts receivable	10.00	
Oil on hand @ 35¢ per bbl.	8856.81	
30 acres of oil land	83266.10	1733.90
Plant and heater	9367.94	7521.18
Water lines and tanks	907.78	160.20
Water well, completed June, 1915.	3038.63	536.24
5 oil wells	13900.12	25751.05
Office fixtures	43.23	7.62
Teams and wagons	86.81	15.31
Tools and pipe	<u>2815.06</u>	<u>1954.67</u>
	\$125,704.47	

\*30-acre leasehold not shown.

#### Liabilities

Current accounts payable (accrued since June 30)	241.23
Capital stock issued (\$100,000 authorized)	98,750.00
Surplus, less deficit for six months ending June 30, 1916 of \$2748.35	<u>26,713.24</u>
	\$125,463.24

It is not necessary to pass upon the amendment to the application in which authority to issue a one year note for \$5000 is requested as the Public Utilities Act does not require our authority for the original issue of notes for a term of one year or less. The authority is desired only as a measure of preparedness in the event applicant should later consider it advisable to borrow.

Applicant failed to show any public necessity or convenience requiring it to serve water in said Sections 6, 31 and 36, all of which appear to be adequately served by Santa Rosa Oil & Development Company with water similar in quality to that of applicant's, so far as they are served by any public utility.

If the Kern Trading & Oil Company needs service from applicant in Section 31, which it cannot otherwise get, a supplemental order herein can be made to cover the situation if and when it arises.

#### O R D E R.

COALINGA HOMESTAKE OIL COMPANY having applied to the Railroad Commission for a certificate that public convenience and necessity require that it serve water principally for industrial uses in the oil fields near Coalinga, Fresno County, in certain sections specified; and a public hearing having been held thereon,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA does hereby declare that public convenience and necessity require and will require that Coalinga Homestake Oil Company serve water for industrial uses in Sections 23, 24, 25, 26 and 35, Township 20 South, Range 14 East, M.D.B.

& M., located in Fresno County, California.

The declaration of public convenience and necessity herein contained shall extend only to such actual construction of the distributing system herein referred to as shall be commenced within ninety (90) days from the date hereof and finished within ninety (90) days after it is commenced.

Dated at San Francisco, California, this 11<sup>th</sup>  
day of October, 1916.

Max Sherman  
H. H. H. H. H.  
W. G. H. H. H.  
Edwin Q. Edgerton  
James R. Decker  
Commissioners.