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Decision No. \_\_\_\_\_.

ORIGINAL

Decision No. 27386

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

In the matter of the application )  
of PRODUCERS GAS & FUEL COMPANY )  
for a certificate of public con- )  
venience and necessity. )

Application

No. 2742.

Murray Bourne for Applicant.

BY THE COMMISSION.

O P I N I O N

This is an application of PRODUCERS GAS & FUEL COMPANY, a corporation, for an order of the Railroad Commission declaring that it will, upon application, issue a certificate that the present and future public convenience and necessity require the exercise by said corporation of rights and privileges under franchises for which it has applied to the County of Kern and the Board of Trustees of the City of McKittrick, Kern County, California, which franchises com-

prehend the construction and operation of a gas transmission and distribution line in Kern County and in the City of McKittrick.

A hearing in this application was held at McKittrick on March 9, 1917, before Examiner Encell. Mr. A. B. MacBeth, Manager of the Producers Gas and Fuel Company, testified concerning its prospective developments.

From the evidence it appears that the territory in the City of McKittrick, constituting the so-called "McKittrick District" of the Midway-Sunset Oil Fields, is at present without a supply of natural gas such as is furnished in the southern portion of the Midway-Sunset and the Kern River Fields by the Valley Natural Gas Company. The oil producers in this section are at present using oil as fuel in their pumping and drilling operations instead of natural gas and, based upon a preliminary canvass, applicant states that many of these producers have signified a willingness to substitute natural gas for fuel in these operations.

The City of McKittrick is not now supplied by gas, either artificial or natural. The applicant proposes to distribute natural gas in the City of McKittrick. The Mayor of the City and other representatives expressed a general desire on the part of the community for such a gas supply.

As hereinabove stated, an application has been made to the Supervisors of Kern County and the

Board of Trustees of the City of McKittrick for franchises. The latter franchise will cover the City of McKittrick and the former is for permission to construct transmission and distribution mains in

Townships Twenty-five to Twenty-nine (25 to 29) inclusive; and Sections One (1), Two (2), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14), Twenty-three (23), Twenty-four (24), Twenty-five (25), Twenty-six (26), Thirty-five (35) and Thirty-six (36) in Township Thirty (30) South, Range Twenty (20) East;

Townships Twenty-five to Thirty (25 to 30) South, inclusive; Range Twenty-one (21) East;

Townships Twenty-five to Thirty (25 to 30) inclusive, Sections One to Six (1 to 6) inclusive, and Ten to Twelve (10 to 12) inclusive, in Township Thirty-one (31) South, Range Twenty-two (22) East M. D. B. & M.

The supply of natural gas with which applicant proposes to serve the territory in question is derived from the properties controlled by E. L. Doheny. The applicant has entered into a contract with the Doheny interests whereby applicant is to receive the entire flow of gas, or as much as can be used in applicant's business and produced upon the following described property, to wit:

Northeast Quarter (NE1/4) of Section Three (3);

East one-half of Northeast Quarter (E1/2 of NE1/4) of Section Two (2);

West One-half (W1/2) of Section One (1);

Northeast Quarter (NE1/4) of Section One (1), with exception of the Southeast Quarter of the Northeast Quarter (SE1/4 of (NE1/4);

All of the Southeast Quarter (SE1/4) of  
Section One (1) with exception of North-  
west Quarter of Southeast Quarter (NW1/4  
of SE1/4);  
Section Eleven (11);  
All in Township Thirty-one (31) South,  
Range Twenty-two (22) East, M. D. B. & M.

Applicant has also procured provisional agreements with several other producers, particularly in the Lost Hills and Belridge Districts, under which applicant will purchase the surplus gas on their properties. The gas purchased and to be distributed by the applicant for field use is in general surplus gas produced in connection with the production of oil and is otherwise subject to waste, and therefore the use will be beneficial in the conservation of oil for other uses.

As a means of conveying this gas applicant contemplates the construction of gas transmission and distribution lines as follows:

A steel pipe line of welded joints, part six inch, part eight inch and part ten inch diameter, commencing in Section Three (3), Township Thirty-one (31) South, Range Twenty-two (22) East, running in a general northwesterly direction through Township Thirty (30) South, Range Twenty-two (22) East, through Townships Twenty-nine and Thirty (29-30) South, Range Twenty-one (21) East, through Townships Twenty-eight (28) South, Ranges Twenty and Twenty-one (20-21) East, and through Townships Twenty-seven (27) South, Ranges Twenty and Twenty-one (20-21) East, and Townships Twenty-six (26) South, Ranges Twenty and Twenty-one (20-21) East M. D. B. & M.

Applicant has made only preliminary estimates of the cost of installing its system and of the

available market for its commodity. However, applicant concludes as a result of such investigation that the substantial value of natural gas, as determined by the field price of crude oil, will permit it to charge rates which will yield a fair return on its investment. This has been the experience of other companies in other districts.

Applicant proposes to finance the construction of this plant through the sale of common stock.

There is no other public utility supplying gas in this territory and it appears that public convenience and necessity will be served by the activities contemplated by applicant. We are of the opinion that this application should be granted.

#### O R D E R.

A public hearing having been held in this matter, the Railroad Commission hereby declares that ~~xx xxx~~ hereafter, upon application of Producers Gas & Fuel Company made after said Company has obtained the franchises from the County of Kern and the Board of Trustees of the City of McKittrick, which franchises are described in the foregoing opinion, <sup>it</sup> /will, under such rules and regulations as the Railroad Commission may prescribe, issue a

certificate declaring that public convenience and necessity require the exercise by applicant of the rights and privileges granted in said franchises, upon such terms and conditions as the Railroad Commission may at that time designate.

Dated at San Francisco, California, this  
12<sup>th</sup> day of June, 1917.

Max Thelen  
H. S. Loveland

Edwin C. Edgerton  
Frank R. Parker  
Commissioners.