

Decision No. 28812

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
VALLEY PIPE LINE COMPANY,)
a corporation, for an order authoriz-) Application No. 20534
ing the issue of stocks.)

Arthur R. Smiley, for applicant.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

In this application Valley Pipe Line Company asks permission to issue and sell at par \$150,000. par value of its common capital stock and use the proceeds for the purposes hereinafter stated.

Valley Pipe Line Company is a corporation organized and existing under and by virtue of the laws of the State of California. It has an authorized capital stock of \$2,000,000.00 consisting of 80,000 shares of common stock, each share having a par value of \$25.

The company proposes to construct a pipe line for the transportation of crude petroleum from the Kettleman Hills Oil Field in the State of California to Estero Bay, a part of the Pacific Ocean upon the coast line of San Luis Obispo County in said state, together with the necessary tankage, loading lines and terminal facilities and proposes to engage in the business of transporting crude petroleum between such points. It estimates the cost of its ten inch pipe line which will be approximately 70 miles in length, together with the necessary rights of way, tank farm(600 acres) tanks, sea loading facilities and other properties necessary for the construction and operation of said pipe line at \$1,550,000.00.

Applicant's petition recites that it will be a closed corporation. It desires to sell 3,000 shares of its stock to the Seaboard Oil Company of Delaware, a Delaware corporation, and 3,000 shares of its stock to The Texas Corporation, a Delaware corporation.

Applicant's stock certificate provides that the holder of such certificate shall not sell or transfer any of the shares of the corporation represented by the certificate without giving at least sixty (60) days written notice of such intention to the other stockholders of the corporation, each of whom shall have the preferential right, proportionately in accordance with his stock holdings, for said sixty(60) day period to purchase such shares, or any part thereof, intended to be sold or transferred, at the price and upon the terms offered and acceptable to the party proposing to sell. If such shares, or any part of such shares, offered to be sold, are sold to any party other than a stockholder then of record, such party shall be required, as a condition precedent to the transfer of said shares, to subscribe to and agree to be bound by the by-laws of the corporation and any and all amendments thereto.

It appears that in addition to acquiring 6,000 shares of applicant's stock the said Seaboard Oil Company of Delaware and the said The Texas Corporation will loan to applicant any additional money that it may need to acquire and construct its proposed pipe line project. At this time it is the intention of applicant to issue to the said Oil Companies its note or notes payable at not more than twelve(12) months after date. The Commission has no authority over the issue of such notes. It, however, has authority over the issue of any notes issued for the purpose of paying said notes.

O R D E R

Valley Pipe Line Company having asked permission to issue \$150,000. par value of its common capital stock, the Commission having considered applicant's request and being of the opinion that this is

not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for by the issue of said \$150,000.00 of stock is reasonably required by applicant for the purposes herein stated and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, therefore,

IT IS HEREBY ORDERED that Valley Pipe Line Company be, and it is hereby, authorized to issue and sell for not less than par on or before October 1, 1936, 6,000 shares (\$150,000. par value) of its common capital stock, 3,000 of such shares to be issued and sold to the Seaboard Oil Company of Delaware, a Delaware corporation, and 3,000 shares of such shares to be issued and sold to The Texas Corporation, a Delaware corporation.

IT IS HEREBY FURTHER ORDERED that Valley Pipe Line Company may use the proceeds realized from the sale of said stock for the purpose of acquiring and constructing the properties referred to in Exhibit E filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that Valley Pipe Line Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 18th day of May, 1936.

W. B. Lewis
Leon A. Kelly
W. A. Cline
W. H. Johnson
John R. Williams

Commissioners.