

LBM

Decision No. 28413

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA COMPANY,)
a corporation, for an order author-)
izing it to transfer certain shares)
of its capital stock and to issue)
certain shares of its capital stock.)

Application No. 20927

Pillsbury, Madison & Sutro, for applicant.

BY THE COMMISSION:

OPINION AND ORDER

In this application The California Company, (1) a corporation organized under the laws of the State of California, asks the Railroad Commission to make its order authorizing it-

(a) To transfer 5 shares of its capital stock (\$500. par value) free and clear of any condition imposed by General Order No. 82; and

(b) To issue 2 shares of its capital stock (^{\$}200. par value) in exchange for property, to-wit, the property of The California Company, a corporation organized under the laws of the State of Montana, said property being situated in the States of Colorado, Kansas, Montana, Louisiana, North Dakota and Wyoming.

Applicant corporation is engaged in the business of transporting oil as a common carrier by pipe lines between points within the State of California. According to its financial statement attached to the application it has an authorized capital stock of \$1,000,000. divided into 10,000 shares of the par value of \$100. each, all common, of which

(1) Applicant was organized on or about February 19, 1932 as Standard Pipe Line Company, the name being changed to The California Company on or about December 16, 1936.

5 shares, of the par value of \$500., now are outstanding. (2)
The shares of stock so issued stand in the names of applicant's directors but the Standard Oil Company of California is said to be the beneficial owner thereof.

It appears that the 5 shares of stock were issued on January 9, 1934 at par, for cash, under the authority granted by the Commission's General Order No. 82 entitled, "In the Matter of Issuance of Shares of Stock for the Purpose of Qualifying Directors of Corporations". It seems that the company now proposes to cause the transfer of such shares by its directors to Standard Oil Company of California, and accordingly it has asked the Commission to make an order permitting it to do so. This request will be granted.

The application further shows that applicant has entered into an arrangement to acquire from The California Company, a Montana corporation, also a subsidiary of Standard Oil Company of California, all of that company's properties, which consist mainly of oil and gas properties, both developed and undeveloped, in the States of Colorado, Kansas, Montana, Louisiana, North Dakota and Wyoming, except cash on hand and its interest, if any, in Standard Oil Company of Texas, and to issue in exchange 2 shares of its capital stock. It is proposed thereupon that the Montana corporation will be liquidated and dissolved and that the two shares of applicant's stock will pass to Standard Oil Company of California.

It appears to the Commission that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided and that the money, property or labor

(2) Although applicant has but \$500. of stock outstanding it reports in Exhibit A, its investment in fixed assets as of Sept. 30, 1936 at \$5,935,733.74, a large part of which was financed with moneys borrowed from its parent company on open account.

to be procured or paid for through the issue of the stock herein applied for is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that The California Company, a corporation, organized under the laws of the State of California, be and it hereby is authorized to issue 2 shares of its capital stock, of the aggregate par value of \$200., in acquiring the properties of The California Company, a corporation organized under the laws of the State of Montana, provided that applicant file with the Commission within thirty(30) days after such issue a verified report, as required by the Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that The California Company, applicant herein, be and it hereby is authorized to transfer, or cause to be transferred, the 5 shares of its capital stock now outstanding from its five directors, to Standard Oil Company of California, free and clear of any condition that might be imposed by General Order No. 82.

The authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 28th day of December, 1936.

Mosher
Leon Whittell

W. H. ...
Mark ...

Commissioners.