

ORIGINAL

Decision No. 36699

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN COUNTIES GAS COMPANY OF
CALIFORNIA for an Order approving a
Contract with The Texas Company for
the transportation and delivery of gas.)

Application No. 25819

BY THE COMMISSION:

OPINION AND ORDER

In this application Southern Counties Gas Company of California asks authority to enter into an agreement with The Texas Oil Company dated August 11, 1943, providing for the transportation of natural gas for the oil company from its Shiells Canyon Plant No. 17 to its compressor station in South Mountain oil field, both in Ventura County, and for the modification of an existing purchase agreement dated August 8, 1939 under which the gas company purchases surplus gas from the oil company, so as to insure increased deliveries to the purchaser during winter months. A copy of the proposed agreement is attached to the application and marked Exhibit A.

The contemplated transportation service is local in nature being only a process of substitution between adjacent fields. The gas company will deliver dry gas up to a maximum of 1,000,000 cubic feet daily from its transmission line into the oil company's line in South Mountain field and the oil company, in turn, will deliver equal amounts of dry gas from its Shiells Canyon gasoline extraction plant into the gas company's transmission line at that point. For this transportation service the oil company will pay the gas company a flat rate of \$300 per month.

This arrangement will enable the oil company to utilize dry gas for its operations in South Mountain field thereby releasing wet gas, now being so used, for gasoline processing. In consideration of the benefits to be expected from this saving of wet gas the proposed agreement provides that the existing purchase agreement shall be amended so as to make available to the

gas company an additional 2,000,000 cubic feet of gas per day, or a total of approximately 5,000,000 cubic feet per day, during the winter months, and further provides that upon request and notice of not more than six hours the oil company will curtail or, if necessary, discontinue the delivery of dry gas to its Fillmore refinery and release the same to the gas company. This assurance of an increase in the amount of available gas will be a substantial benefit to the gas company and its customers.

The term of the agreement is from July 11, 1943, until June 31, 1949, and thereafter until terminated by either party on written notice of sixty days. This term coincides with the unexpired portion of the term of the purchase agreement referred to above. The agreement contains a provision that it shall not become effective until authorization to carry out its terms shall have been obtained from this Commission and also contains the required reference to this Commission's jurisdiction. In view of the mutual benefits deriving from the proposed agreement, the granting of the requested authority appears justified.

This application was filed under the provisions of Section X-A of General Order No. 96.

The Commission having considered the application herein and being of the opinion that it should be granted and that a public hearing thereon is not necessary and good cause appearing therefor,

IT IS HEREBY FOUND AS A FACT that the proposed agreement is just and reasonable for the purpose of providing the specified transportation service for The Texas Oil Company and insuring an increased supply of needed gas for Southern Counties Gas Company of California, and

IT IS HEREBY ORDERED that Southern Counties Gas Company of California be, and it is hereby authorized, to enter into that certain agreement with The Texas Oil Company, dated August 11, 1943, a copy of which is attached to the application herein and marked Exhibit A.

IT IS HEREBY FURTHER ORDERED that, within thirty days after execution thereof, Southern Counties Gas Company of California shall file three copies of the executed agreement with this Commission.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 9th day
of November, 1943.

Francis R. Havenner
J. J. Baker
Justus F. Calver
Richard S. ...
...
Commissioners