

Decision No. 37059

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
 BANKLINE OIL COMPANY for permission
 to be served as a new customer on an
 appropriate surplus gas schedule of
 the Southern Counties Gas Company

Application No. 26077

BY THE COMMISSION:

OPINION AND ORDER

In this application Bankline Oil Company asks the Commission for permission to be served with natural gas by Southern Counties Gas Company of California under its applicable surplus gas tariffs.

According to the application Bankline Oil Company is engaged in the business of producing oil and natural gas, and manufacturing natural gasoline, and at present is using natural oil field gas from its wells in the Wilmington Oil Field to heat crude oil for delivery into purchasing company's pipeline system.

It is the petitioner's contention that the volume of gas per hour now available for use in the heating and shipping of oil is inadequate, and because of this condition, a continuous operation of twenty-four hours a day is required; whereas, with an additional volume of gas the operations could be cut to eight hours a day and would speed up the delivery of crude oil. It is further claimed that if the additional volume of gas required for more efficient operation were to be obtained from the petitioner's resources, it would require the connecting of four additional wells which would utilize more lease gas. At the same time, since this gas is not processed for the extraction of the volatile hydrocarbons, such as natural gasoline, butane and iso-butane, these removable constituents vital to the war in the manufacture of aviation gasoline and synthetic rubber would be lost,

We are informed by the petitioner that its present use amounts to approximately 15,000 cubic feet of oil well gas per day, which it proposes to replace with natural gas purchased from the Southern Counties Gas Company of California, in an amount not to exceed 25,000 cubic feet per day if this application is granted. Further, that the wet gas now being used will be released for the extraction of the hydrocarbons and for sale to the utility.

Application has been made to the War Production Board and a permit was issued February 23, 1944 for deliveries of natural gas by Southern Counties Gas Company of California of not to exceed 25,000 cubic feet in any one day for uses in the heating of crude oil for shipping purposes.

The position of petitioner is quite unusual in that it is the producer of wet gas which, after extraction of the hydrocarbons, ultimately becomes available to the utility in the form of dry gas. The petitioner has indicated that it can comply with the curtailment provisions of the surplus tariffs and will, when notified by the gas company during curtailment periods, shut off the surplus gas being used by it, and will not turn it on again until notified by the utility that a sufficient amount of gas is available for its operations; further, that its requirements of gas for the heating of crude oil are such that shipments could be delayed for a period of seven to ten days. However, should the curtailment period extend for a longer time, it might elect to utilize some of its wet gas as standby to meet its oil production requirements.

The surplus tariffs of the Southern Counties Gas Company of California were closed to new customers and to new uses of old customers by Decision No. 36518 dated July 27, 1943. Under Decisions Nos. 34797 and 35455, previously made, gas service supplied on a curtailable basis required the installation of an auxiliary fuel supply. To permit the applicant to receive surplus gas service under these conditions will constitute a deviation from the utility's filed tariffs and this Commission's orders.

The supply of natural gas in this area is limited; however, the Commission recognizes the necessity of conserving critical materials, as well as making the most efficient use of fuels that are available.

Under the circumstances it appears that permission should be given Southern Counties Gas Company of California to render surplus gas service to applicant; however, this is contingent upon the petitioner's full compliance with the carrying out of any shut-off orders the utility may issue, and in addition, it is contemplated that the petitioner will fully cooperate in the nonuse of any gas fuels for the operation of its facilities during periods as indicated above. Therefore, the Commission is of the opinion that a deviation is warranted and that the petition of applicant should be granted. In view of the circumstances and interests involved, no public hearing is deemed necessary, and good cause appearing,

IT IS HEREBY FOUND AS A FACT that the Southern Counties Gas Company of California is warranted in supplying gas to Bankline Oil Company in an amount of not to exceed 25,000 cubic feet per day under its appropriate surplus tariffs and

IT IS HEREBY ORDERED that Southern Counties Gas Company of California may render surplus gas service to Bankline Oil Company for the heating of crude oil on Tract No. 2016 (Pacific Terminal Community Lease) Wilmington Oil Field, and at the rates and under the conditions of applicable filed tariffs to the extent of 25,000 cubic feet per day, the amount permitted by the War Production Board, provided that the period of such service shall not exceed the duration of the present war, plus six months, unless otherwise authorized by the Commission.

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

Dated at San Francisco, California, this 23^d day of

May, 1944.

Richard K. Halse
Justus F. Casper
Francis D. Havenue

Wm. H. Russell

Commissioners