

Decision No. 37517

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of  
SIERRA PIPE LINE COMPANY,  
a corporation,  
For an Order Authorizing the Issuance  
and Sale of Shares of its Stock.

Application  
No. 26436

BY THE COMMISSION:

O P I N I O N

Sierra Pipe Line Company a California corporation, asks permission to issue and sell to The Texas Company 1,000 shares of its capital stock at \$25.00 per share and use the proceeds to maintain its service in connection with the operation of the pipe line hereafter mentioned.

Sierra Pipe Line Company was incorporated on October 2, 1944. It has an authorized capital stock of \$100,000, consisting of four thousand (4,000) shares of common stock, each share having a par value of twenty-five dollars (\$25.00).

Applicant proposes to acquire by lease from The Texas Company, a Delaware corporation, and operate as a public utility a pipe line system extending approximately sixty (60) miles in

a general northwesterly direction from a point in Section 21, Township 31 South, Range 24 East, M. D. E. & M., Kern County, California, in the vicinity of the United States Elk Hills Naval Reserve (oil and gas), to a point of connection with the existing pipe line of Valley Pipe Line Company in Section 3, Township 25 South, Range 17 East, M. D. E. & M., Kern County, California, together with the necessary tankage, pumping plants, and telephone lines. It intends to engage in the business of transporting crude oil and the products thereof between such points, commencing on or about December 15, 1944.

The Texas Company is now engaged in constructing a 10" pipe line between the points mentioned. It estimates the cost of the line and necessary appurtenances at \$1,496,237. The pipe line will have a capacity of about 20,000 bbls. per day.

The pipe line is being built at the request of the Petroleum Administration for War to provide necessary facilities for the transportation of crude oil to be produced from said Naval Petroleum Reserve and will be used in conjunction with the line of the Valley Pipe Line Company for transporting oil for any and all purchasers from the United States Navy of oil produced in said Naval Petroleum Reserve to a point where it can be delivered to a crude oil refinery.

Applicant is not asking permission to execute the lease giving it possession of the pipe line. If, hereafter, the Commission has occasion to fix applicant's rates and the terms of the lease become an issue, we will determine to what extent the payments required by such lease should be included in operating expenses. We are not passing on the lease at this time.

O R D E R

The Commission having considered the request of Sierra Pipe Line Company for permission to issue \$25,000 of capital stock and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by Sierra Pipe Line Company through the issue of said stock is reasonably required by it for the purpose herein stated; that the expenditures for said purpose 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 Sierra Pipe Line Company be, and it is hereby, authorized to issue and sell, after the date hereof and on or before December 31, 1944, at not less than par to The Texas Company \$25,000 par value of its capital stock and use the proceeds for the maintenance of its service in connection with the operation of said pipe line properties.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said stock, or any part thereof, Sierra Pipe Line Company shall file with the Railroad Commission a statement showing the amount of stock issued under the authority herein granted and the consideration received for such stock.

Dated at San Francisco, California, this 28<sup>th</sup> day of November, 1944.

Richard Lusk  
Julius F. Cassius  
Francis D. Hawkins  
Edward Olson  
W. H. Bruce  
Commissioners