

ORIGINAL

Decision No. 45549

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
PROGRESS PACIFIC PIPE LINE COMPANY,)	Application
a corporation,)	No. 32215
for authority to issue stock.)	
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O P I N I O N

Progress Pacific Pipe Line Company has filed this application for authorization to issue and sell 190,500 shares of common stock at par, \$1.00 a share.

The application shows that the company is a California corporation organized on February 17, 1951, with an authorized capital stock of 1,000,000 shares of the par value of \$1.00 each. It reports that it proposes to construct and thereafter operate two pipe lines extending from either at or near the town of Hobbs, New Mexico, or from a point within the State of Texas, to the City of Long Beach, California, one line to have a daily capacity of about 350,000 barrels of crude oil and the other to have a daily capacity of about 60,000 barrels of petroleum products, exclusive of gas. The presently estimated cost of the construction and installation of the lines is \$120,000,000.

At this time applicant seeks permission to issue only \$190,500 of stock for the purpose of financing preliminary engineering and economic studies, to pay organization expenses, and to provide corporate expenses for a period of approximately six months, as follows:

Ford, Bacon and Davis, Engineers, Engineering study	\$ 25,000.00
Ford, Bacon and Davis, Engineers, Economic study	45,000.00

Incorporation Expenses:

A. Filing Articles of Incorporation, initial corporation franchise tax and Public Utilities Commission fee	330.70
B. Legal	1,500.00

General and miscellaneous expenses incurred prior to incorporation, trip to New York	8,657.00
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Salaries, officers and secretarial for first six months	15,000.00
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General and miscellaneous for first six months, including legal fees qualifying corporation in states of Arizona, New Mexico and possibly Texas, solicitation and obtaining of contracts and commitments for use of facilities, two trips East in connection with financial negotiations and similar expenses	<u>95,012.30</u>
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Total expenses	<u>\$190,500.00</u>
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The proposed purchasers of the shares of stock are set forth in the application as follows:

Marc D. Leh	75,000 shares	\$ 75,000
David E. Brown	75,000 shares	75,000
E. B. Gilmore	20,000 shares	20,000
Frank O. Maxwell	20,000 shares	20,000
J. Terry Maxwell	<u>500 shares</u>	<u>500</u>
	<u>190,500 shares</u>	<u>\$190,500</u>

Applicant's plans are not complete at this time. As stated, it seeks at this time to provide for its preliminary expenses. It appears to us that if those interested in organizing and developing this venture are willing to invest their funds in the amounts indicated, an order should be entered authorizing them to do so. At a later date the company will file a detailed plan of construction, operation and financing, and will request authorization to issue additional securities. The authorization granted at this time should not be construed as binding the Commission to grant such further application, or applications, as may be made.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Progress Pacific Pipe Line Company, after the effective date hereof and on or before December 31, 1951, may issue and sell, at par for cash, not exceeding \$190,500 par value of its common capital stock, and use the proceeds to pay organization and preliminary engineering expenses and other costs, as set forth in this application.
2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
3. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 10th day of April, 1951.

Q. T. Zimmerman
Harold P. Kula
Franklin P. Potter
John E. Mitchell
Commissioners