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ORIGINAL

Decision No. 49319

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
STANDARD PIPE LINE COMPANY, a corpo- )  
ration, for authority to abandon ) Application No. 34509.  
service on portion of its pipe lines )  
located in the North Dome of Kettleman )  
Hills Oil and Gas Field. )

Pillsbury, Madison & Sutro, by Turner  
H. McBaine and Thomas E. Haven,  
for applicant.  
William W. Evers, for the Commission  
staff.

O P I N I O N

The applicant in this proceeding is a California corporation engaged in the business of transporting petroleum by pipeline. It holds a certificate of public convenience and necessity from this Commission which it acquired from California Company under authority of Decision No. 41012 in Application No. 28874.

By this application Standard Pipe Line Company, hereinafter referred to as Standard Pipe, seeks authority to abandon public utility service in its Kettleman Hills North Dome gathering system. Public hearing was held on the matter in San Francisco before Examiner John K. Power, September 28, 1953. Notice of that hearing was sent to all parties known to be receiving deliveries of oil through the pipeline. None of them appeared at the hearing. It appears that only one company tendered shipments and that was the Standard Oil Company of California, hereinafter referred to as Standard Oil. Standard Oil consented, by letter, to the abandonment here sought.

Applicant has two pipeline systems in the San Joaquin Valley. One runs from the Midway-Sunset field to the neighborhood

of Rio Bravo. This system is not involved here. The other runs from Kettleman Hills to Estero Bay in San Luis Obispo County. A portion of this latter system used for collecting and gathering purposes in the Kettleman North Dome field is under consideration here and will hereinafter be referred to as the gathering system.

The applicant presented evidence by its own assistant manager and by an employee of Standard Oil.

The applicant alleged that the dedication of this property was originally made because of certain requirements of federal and state statutes.<sup>1/</sup> Assuming this to be true we consider it irrelevant to the decision of the question now before us. The public interest and the Commission's jurisdiction arise from the assumption of utility status itself and not from the reasons which may have inspired it.

The issue to be decided and now before this Commission is whether or not the public convenience and necessity require the continued operation of this pipeline system as a public utility.

Applicant introduced various exhibits at the hearing. One was a map showing the San Joaquin installations of the company. Another was a balance sheet and profit and loss statement. The

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<sup>1/</sup> Section 28, Mineral Leasing Act of 1920, as amended; 41 Stats. 449, Chap. 85, Sec. 28; 49 Stats. 678, Chap. 599, Sec. 1; 30 U.S.C. 185; Cal. Stats. 1913, Chapters 286 and 327; repealed by Stats. 1953, Chap. 596. The applicant is still within the terms of the State Constitution Art. XII, Sec. 23 and Sections 216A, 227 and 228 of the Public Utilities Code. The federal statute, according to applicant, no longer applies because pipelines have been relocated.

latter, together with some of the oral testimony, indicating that the severance of the gathering system from the public utility property will have little adverse effect.

By far the most important exhibit, nowever, was a copy of the comprehensive unit agreement for the North Dome of the Kettleman Hills field. This instrument, the execution of which resulted in the filing of this application, will hereafter be referred to as the unit agreement.

The unit agreement has been signed by all persons and firms interested in the production of oil and gas in the field. The Kettleman North Dome Association is first party, Standard Oil is second party, and eleven corporations and two individuals are third parties.

The unit agreement contains various safeguards to protect potential users of the system sought to be abandoned. The third parties are all in the category of possible users. They will acquire the gathering system as tenants in common with an undivided interest equal to their respective participating equities. The agreement can be terminated only by unanimous consent of participants and the Director of the United States Geological Survey. If and when such a termination takes place the operating rights and properties revert to the respective grantors thereof.

It appears that there are four companies who could use these facilities but have not done so. Two of them are signatories to the unit agreement for some of their lands. It appeared in evidence that all four are now using other facilities for the oil they produce outside of the unit agreement area. At the hearing on the instant application no opposition to the proposed abandonment was manifested.

For the above reasons the Commission is of the opinion that public convenience and necessity no longer require the continuance of the gathering facilities in the public utility pipeline system of applicant.

O R D E R

The Standard Pipe Line Company, a California corporation, having filed application to abandon public utility pipeline service in a portion of its system; namely, its gathering lines in the North Dome of the Kettleman Hills oil and gas field, Fresno and Kings Counties, and the Commission finding as a fact that public convenience and necessity no longer require the continuance of said facilities in the public service,

IT IS ORDERED that:

1. Standard Pipe Line Company, a California corporation, be and it is hereby authorized to abandon public utility pipeline service in that portion of its system known as the gathering lines in the North Dome of Kettleman Hills oil and gas field as shown on the map attached to this application and designated as Exhibit "B" thereto, after the effective date of this order and upon ten days' notice to the Commission and to the public.

2. Nothing in this order shall be construed as authorizing the abandonment of public utility pipeline service in any portion of the system of applicant other than the gathering lines herein referred to and, specifically, this order shall not be construed to have authorized the abandonment of public utility pipeline service

in the so-called "Kettleman Pump Station" in Section 19, T22S R19E, M.D.B. & M. or the main transmission pipeline connecting said Kettleman Pump Station and Estero Bay.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day of November, 1953.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners