PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION O-0004
February 8, 1995

RESOLUTION

RESOLUTION O-0004. UNOCAL PIPELINE COMPANY REQUESTS APPROVAL TO CANCEL FROM ITS TARIFFS LOMPOC FIELD AS AN ORIGINATION POINT FOR TRANSPORTATION OF CRUDE PETROLEUM ON ORCUTT GATHERING LINE NO. 353. CAL PUC NO. 28 WILL REPLACE CAL PUC NO. 21.

BY ADVICE LETTER 4, FILED ON JULY 14, 1994.

SUMMARY

1. UNOCAL Pipeline Company (UNOCAP) seeks approval to cancel its Lompoc Field as an origination point for transportation of crude petroleum on Orcutt Gathering Line No. 353. UNOCAP has an agreement with Torch California Company and Torch Inland Company (Torch) to sell the gathering line as well as certain shipping pumps.

2. No protests were filed.

3. UNOCAP' Advice Letter (AL) No. 4 is approved.

BACKGROUND

1. AL 4 seeks authority to remove from common carrier service two miles of 8" and 4" field gathering line and pumping equipment located within or near the Lompoc Field and at the Point Pedernales Heating and Separation and Pumping (HS&P) Station to reflect the planned sale of such assets by UNOCAP.

2. Under existing UNOCAP operating procedures and applicable tariffs, crude petroleum produced in the Lompoc Field is gathered and transported on the gathering line to a point of interconnection with a 12" UNOCAP trunk line with a destination point at Orcutt Station, Santa Barbara County. From Orcutt Station, crude petroleum can be shipped to the Santa Maria Refinery or Avila Station on UNOCAP's Line 300.

3. UNOCAP has recently executed an agreement with Torch to sell the gathering line as well as certain shipping pumps. As part of a larger transaction between UNOCAP's parent, UNOCAL, and Torch, oil production rights in the Lompoc Field are to be

transferred from UNOCAL to Torch. The surrounding oil field will be sold to Torch. Typically, field gathering lines, such as the gathering line, are owned by the field producer which, in this case, will be Torch. UNOCAP believes that because the production rights to Lompoc Field and the oil produced from it will be owned by Torch, it is neither necessary nor appropriate for UNOCAP to remain in the middle of Torch's oil related activities and operations through continued ownership of the gathering line.

4. UNOCAP further believes that the pipeline and pumping facilities that are the subjects of this advice letter are neither necessary nor useful to UNOCAP in the performance of its obligations as a common carrier oil pipeline. Under existing tariffs, crude petroleum produced from the Lompoc Field is transported on Line No. 353 to Orcutt Station at $.16/bbl; from Orcutt Station, the crude can be shipped to the Santa Maria Refinery or Avila Station on UNOCAP's Line 300 at $.38/bbl and $.61/bbl respectively.

5. Once Commission authorization of this advice letter is issued and the proposed sale of the subject pipeline assets is completed, crude petroleum produced at the Lompoc Field will be shipped on Torch's proprietary gathering system to the existing tie-in to UNOCAP's Line 300 in proximity to UNOCAP's Point Pedernales HS&P Station. From Point Pedernales HS&P Station, the Lompoc Field crude petroleum can be shipped to the Santa Maria Refinery or Avila Station on UNOCAP's Line 300 at $.54/bbl and $.77/bbl respectively, tariff rates which are equal to current charges for shipping oil from the Lompoc Field.

<u>NOTICE</u>

UNOCAP served notice of AL 4 by mailing copies to all interested parties, and the AL was posted on the Commission calendar.

<u>PROTESTS</u>

1. No protests were received on Advice Letter 4.

DISCUSSION

1. The removal of the facilities described in this advice letter from common carrier service will not result in the denial of common carrier pipeline access to any crude producer. Upon consummation of the transaction between UNOCAP-UNOCAL and Torch, Torch, which owns the leasehold interests associated with the Lompoc Field and any oil produced from the field, will gather the oil on Torch's proprietary system for ultimate transportation on UNOCAP's common carrier pipeline. No other producer is affected by the proposed withdrawal of the identified facilities from common carrier service.

2. Similarly, the withdrawal of the 8" and 4" gathering lines and the specified pumping equipment from common carrier service

will have no impact on any other rate for service set forth in UNOCAP's tariff.

3. Because the production rights to Lompoc Field and the oil produced from it will be owned by Torch, CACD agrees it is not necessary for UNOCAP to ramain in the middle of Torch's oil related activities and operations through continued ownership of the gathering line. CACD recommends that this filing be approved.

4. UNOCAP also requests an exemption to the tariff format and sheet rules stated in General Order No. 96-A, and asks for authorization to use the tariff format established by the Federal Energy Regulatory Commission (FERC) for liquids pipelines. The filed tariffs, hence, would follow the FERC format.

5. Deviations from the requirements of General Order 96-A, for pipelines to use the FERC format have been previously granted to Four Corners Pipeline Company by Resolution G-2729 dated May 29, 1987, Southern Pacific Pipelines, Inc. by Resolution G-2772 dated January 13, 1988, Shell California Pipeline Company by Resolution G-2830 dated October 26, 1988, and Gulf Interstate California Pipelines by Resolution G-2860 dated February 24, 1989.

6. The FERC type tariff sheets are pre-printed on 8-1/2" by 11" heavy bond paper. In particular, the FERC format is described in Title 18 Code of Federal Regulations Subchapter P, Parts 341.0 through 341.65, (18 CFR 341.0 et. seq.) governing the construction and filing of tariffs by pipeline companies. The filed date and the approval dates are preprinted under the FERC format, as provided for by 18 CFR 341.3 (g) and (h), before submission and approval. This preprinted approval date anticipates CPUC action which, if not forthcoming, leaves customers with advice filings that appear effective, but which are not.

7. Shippers of crude petroleum and petroleum products are familiar with the FERC format. Use of a different format solely for intra-state shipments might be confusing to them.

8. CACD recommends that UNOCAP be permitted to be exempt, and continue to be exempt, from the format requirements of General Order 96-A, submitting instead tariff sheets following the FERC format, provided that the effective date is left blank until the tariff is approved by the Commission.

FINDINGS

1. UNOCAP filed Advice Letter No. 4 on July 14, 1994, because the production rights to Lompoc Field and the oil produced from it will be owned by Torch.

2. UNOCAP should be granted the exemption from filing tariff sheets as prescribed by CPUC General Order 96-A, in order to

conform to FERC's standard tariff sheet format, provided that the effective date is left blank until the tariff is approved by the Commission.

3. CACD finds UNOCAP's request, as described in this advice letter, reasonable.

THEREFORE, IT IS ORDERED that:

1. UNOCAP Pipeline Co's (UNOCAP's) Advice Letter No. 4 is approved.

2. UNOCAP may file its tariffs in the FERC's standard tariff sheet format and shall leave the effective date blank until the tariff is approved by the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 8, 1995. The following Commissioners approved it:

Neal J. Shulman

NEAL J. SHULMAN
Executive Director

DANIEL WM. FESSLER
President
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
Commissioners