

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION O-0029
NOVEMBER 19, 1998**

RESOLUTION

RESOLUTION O-0029. MOBIL PACIFIC PIPELINE COMPANY SEEKS APPROVAL TO REMOVE ITS SAN ARDO CRUDE/CUTTER SYSTEM FROM COMMON CARRIER SERVICE. APPROVED.

BY ADVICE LETTER NO. 7, FILED JULY 29, 1998.

SUMMARY

1. By Advice Letter (AL) No. 7, Mobil Pacific Pipeline Company (MPPL) seeks approval to remove its San Ardo Crude/Cutter System from common carrier service.
2. No protests were received on this matter.
3. This resolution approves AL No. 7.

BACKGROUND

1. On July 29, 1998, MPPL filed AL No. 7 seeking to remove from common carrier service its San Ardo Crude/Cutter pipeline system.
2. MPPL stated that for the past 40 years, crude oil produced at the San Ardo Production Fields in Monterey County, California had been transported through this pipeline system to Chevron's Estero Bay Marine Terminal where the crude oil is loaded onto ships and carried down the California coast to Mobil's Southwestern Marine Terminal located within the Port of Los Angeles.
3. Chevron has decided to close its Estero Bay Marine Terminal and has begun preparatory work to decommission this terminal. Final closure is expected by the end of 1998.
4. MPPL's contract agreement with Chevron to utilize this terminal was terminated on June 1, 1998.

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5. With the closing of Chevron's Estero Bay Marine Terminal, MPPL was forced to seek other options to ship its crude oil from the San Ardo Production Fields to its Torrence Refinery. MPPL found rail transportation to be the most cost effective and safest option.
6. On May 30, 1998, MPPL began shipping its San Ardo crude oil via railroad with the commissioning of the newly constructed Unit Train Loading Facility at Mobil's San Ardo Station.
7. Union Pacific Railroad operates the Unit Train which is comprised of 78 rail cars specifically designed to transport bulk liquid by rail. The Unit Train will deliver the crude oil to an off loading facility in Carson, California, where it is injected into MPPL's pipeline and transported to Mobil's Torrence Refinery. The Unit Train will make two round-trips per week.
8. With the advent of the San Ardo Unit Train, use of the San Ardo Crude/Cutter system has ceased and placed in idle service on June 1, 1998.
9. MPPL does not foresee any future use for this pipeline system as a means of transporting crude oil.
10. There are no current shippers on this pipeline.
11. With the imminent closure of Chevron's Estero May Marine Terminal, transporting crude oil by the San Ardo Crude/Cutter system is not an option.

NOTICE

1. Notice of AL No. 7 was made by mailing copies of the filing to all known shippers and oil producers. Public notice of this filing has been made by publication in the Commission's Calendar.

PROTEST

1. No protests were received in this matter.

DISCUSSION

1. Advice letter No. 7 should be approved because Chevron has chosen to close its Estero Bay Marine Terminal and transporting crude oil by the San Ardo Crude/Cutter system is no

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FINDINGS

1. MPPL filed AL No. 7 on July 29, 1998 seeking to remove from common carrier service its San Ardo Crude/Cutter pipeline system.
2. Chevron has decided to close its Estero Bay Marine Terminal and has begun to decommission this terminal. Final closure is expected by the end of 1998.
3. The contract agreement between MPPL and Chevron to allow MPPL to utilize this terminal was terminated on June 1, 1998.
4. On May 30, 1998, MPPL began shipping its San Ardo crude oil via railroad with the commissioning of the newly constructed Unit Train Loading Facility at Mobil's San Ardo Station.
5. With the advent of the San Ardo Unit Train, use of the San Ardo Crude/Cutter system has ceased, and placed in idle service on June 1, 1998.
6. There are no current shippers on this pipeline.
7. MPPL's request is reasonable.

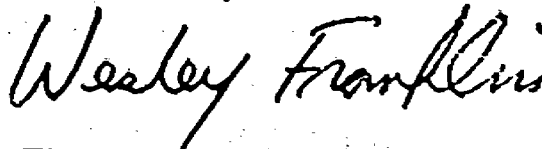
THEREFORE IT IS ORDERED THAT:

1. Mobil Pacific Pipeline Company's request for approval of Advice Letter No. 7 is approved.
2. This resolution is effective today.

Resolution O-0029
MPPL AL No. 7/BFS

November 19, 1998

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 19, 1998. The following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners