

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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R E S O L U T I O N

RESOLUTION NO. G-2251

UTILITIES DIVISION
BRANCH/SECTION: Gas
DATE: October 3, 1978

Gas Exploration and Development Adjustment (GEDA) Project Letter
SUBJECT: No. 78-L Filed Pursuant to Procedures Prescribed by Decision
No. 88121.

WHEREAS: NATURAL GAS CORPORATION OF CALIFORNIA AND PACIFIC GAS AND ELECTRIC COMPANY by GEDA Project Letter No. 78-L filed August 25, 1978 have requested approval of gas exploration and development activities in the Cook Inlet area of Alaska under the following circumstances:

1. Applicant's request is for authority to participate in the funding of exploration and development activities of Texaco Inc. (Texaco), Chevron U.S.A., Inc. (Chevron) and Union Oil Company of California, Maruzen Oil of Alaska, Inc., Continental Oil Company (Union et al.) in the "Ninilchik Prospect."
2. Under the agreement with Texaco, Chevron, and Union et al., Natural Gas Corporation of California (NGC) will fund the drilling of one well in 1978 at a maximum cost of \$3,235,000.
3. In return for funds committed NGC will earn a 39% working interest in 3,883 acres to the depth drilled plus 100 feet if commercial production is established in the test well. NGC will retain a 24% working interest if commercial production is not established. NGC will also have a gas call on an additional 31% of the gas.
4. The resulting cost of service is estimated at \$84,000 or .001 ¢/therm in 1978 and will reach a maximum of \$295,000 or .004 ¢/therm in 1979.
5. The Commission has approved nine GEDA projects in the Cook Inlet area. Additional reserves are required to support Phase I of the PacAlaska LNG Project.
6. We find that the request to participate in the funding of the above project should be granted and that a public hearing is not necessary, therefore, good cause appearing,

IT IS ORDERED that:

1. Authority be granted pursuant to provisions of Decision No. 88121 for Natural Gas Corporation of California and Pacific Gas and Electric Company to participate in funding the above project.
2. The cost of service associated with the funding shall be accumulated and reflected in the next annual adjustment for over or under collections.
3. The Project Letter be marked to show that it was accepted for filing under Resolution of the Public Utilities Commission of the State of California No. G-2251. The effective date of this Resolution is the date hereof.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California held on the 3rd day of October, 1978, the following Commissioners voting favorably thereon:

Executive Director