

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

ENERGY DIVISION

ITEM: 26 (Rev. 1)  
AGENDA ID: 17655  
RESOLUTION O-0069  
September 12, 2019

**R E S O L U T I O N**

Resolution O-0069. Crimson California Pipeline L.P. requests approval to transfer ownership of certain pipeline assets to California Resources Petroleum Corporation and to withdraw associated tariffs.

PROPOSED OUTCOME:

- This Resolution approves Crimson California Pipeline L.P.'s request for authority under Public Utilities Code Section 851 to transfer ownership of certain pipeline assets to California Resources Petroleum Corporation.
- Approves Crimson's request to withdraw the associated tariff.

SAFETY CONSIDERATIONS:

- There is no safety impact.

ESTIMATED COST:

- There is no cost impact.

By Advice Letter 30-O, filed on November 1, 2018, Supplemental Advice Letter 30-O-A, filed on February 19, 2019, and Supplemental Advice Letter 30-O-B, filed on July 22, 2019.

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**SUMMARY**

This resolution approves the request filed by Crimson California Pipeline L.P. (Crimson) in Advice Letter 30-O to transfer ownership of certain pipeline assets to California Resources Petroleum Corporation (CRC). These assets, located in the City of Santa Paula, are currently used to transport crude oil production of

approximately 1,200 barrels per day. Following approval of the transfer, the assets will be used by the buyer for private transportation of the current volume.

Approval is also granted for withdrawal of the tariff currently associated with these assets.

## **BACKGROUND**

Crimson filed Tier 3 Advice Letter 30-O on November 1, 2018, requesting approval under Public Utilities Code Section 851 to transfer ownership of certain pipeline assets to CRC, the buyer. The requested effective date is March 1, 2019. These assets are in the City of Santa Paula. They include 4.8 miles of pipeline in two segments, cathodic protection facilities, fittings and valves, full or partial right-of-way interests, and related agreements. Taken together, these assets are described by Crimson as constituting “the Pipeline.”

Crimson filed Supplemental AL 30-O-A on February 19, 2019, to include the impacted tariff sheet and make a typographical correction.

The Pipeline is currently used to transport the crude oil production of CRC and other producers named in the purchase and sale agreement (collectively, the “Producers”) amounting to approximately 1,200 barrels per day. The purchase and sale agreement states that following the close of the transaction, “The Producers, through the Buyer, will continue to ship approximately 1,200 barrels of crude oil per day through the Pipeline from the South Mountain Hills oil field to the Crimson Santa Paula Station.” CRC would purchase the crude production of other producers and transport such crude as its own. CRC has signed contracts with four such producers. Copies of these contracts signed by counterparties (with price information redacted) were filed by Crimson with Supplemental AL 30-O-B, dated July 22, 2019.

Given the limited volume and the cost of any capital improvement, Crimson concluded that it is uneconomical to continue operating the Pipeline. Crimson entered into a purchase and sale agreement on October 11, 2018, to sell the Pipeline assets for \$100. Crimson estimates the fair market value to be \$100 while the book value is \$295,767.

Under Section 851, the provisions of General Order 173 allow utilities to request California Public Utilities Commission (Commission) approval for certain

transactions transferring interest in utility property valued at \$5 million or less by advice letter. In Advice Letter 30-O, Crimson provides the information required under General Order 173 for approval under Section 851.

Crimson claims this is not a project under California Environmental Quality Act (CEQA) rules, since it will not lead to any physical change in the environment.

Crimson also requests authority to withdraw the tariff currently applicable to the Pipeline.

### **NOTICE**

Notice of Advice Letter 30-O was made by publication in the Commission's Daily Calendar. Crimson states that a copy of the advice letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

### **PROTESTS**

Advice Letter 30-O was not protested.

### **DISCUSSION**

The Commission approves the transfer of certain pipeline assets to California Petroleum Resources Corporation as requested in Crimson California Pipeline L.P. Advice Letter 30-O. Following approval, the specified assets will be used for private service by the new owner.

The Commission has reviewed Advice Letter 30-O and associated purchase and sale agreement, descriptions of assets, attached asset map, and connection agreement. The documentation conforms to General Order 173 provisions for approval of transfer of utility assets under Section 851.

The CEQA Unit in Energy Division has confirmed that the requested transfer of ownership of assets does not have implications under CEQA.

Along with the transfer of ownership, Crimson requests approval to withdraw the tariff currently applicable to the specified Pipeline assets. This request is approved.

**COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

**FINDINGS**

1. Crimson California Pipeline L.P Advice Letter 30-O conforms to the provisions of General Order 173 for approval of transfer of utility assets valued at \$5 million or less under Public Utilities Code Section 851.
2. The specified assets will be used for private service by the new owner.
3. This transfer of assets does not constitute a project under CEQA.
4. Crimson California Pipeline L.P.'s request for transfer of certain pipeline assets to California Resources Petroleum Corporation should be approved.
5. Crimson California Pipeline L.P.'s request to withdraw the current tariff for the specified assets should be approved.

**THEREFORE IT IS ORDERED THAT:**

1. The request of Crimson California Pipeline L.P. to transfer certain pipeline assets to California Resources Petroleum Corporation as requested in Advice Letter 30-O is approved.
2. The request of Crimson California Pipeline L.P. to withdraw the tariff associated with the subject assets is approved.

This resolution is effective today.

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 September 12, 2019, the following Commissioners voting favorably thereon:

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ALICE STEBBINS  
Executive Director