

(Decision No. C92-1212)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

THE APPLICATION OF ADAMS & SON)
TRUCKING, INC., FOR TEMPORARY)
AUTHORITY TO EXTEND OPERATIONS)
UNDER CONTRACT CARRIER PERMIT)
NO. B-9515.)
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DOCKET NO. 92A-478BY-
EXTENSION-TA

THE APPLICATION OF ADAMS & SON)
TRUCKING, INC., FOR TEMPORARY)
AUTHORITY TO EXTEND OPERATIONS)
UNDER COMMON CARRIER CERTIFICATE)
NO. 381 & I.)
- - - - -

DOCKET NO. 92A-497CY-
EXTENSION-TA

**COMMISSION ORDER GRANTING
TEMPORARY AUTHORITY IN PART**

Mailed date: October 8, 1992
Adopted date: October 7, 1992

STATEMENT, FINDINGS, AND CONCLUSIONS

BY THE COMMISSION:

1. On September 1, 1992, Adams & Son Trucking, Inc. (Adams), filed Docket No. 92A-478BY-Extension-TA for temporary authority to extend operations under Contract Carrier Permit No. B-9515 for the transportation of machinery, equipment, materials and supplies used in, or in connection with, the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their by-products between all points in the State of Colorado. This application is restricted: (1) to providing service for only Gear Drilling Company and New Orbit Drilling Company; (2) against the transportation of petroleum and petroleum products, in bulk, in tank vehicles; (3) to providing transportation service only between oil and gas drilling gas locations consisting of movements which

include as a part thereof the transportation of a complete drilling rig.

2. On September 22, 1992, Adams filed Docket No. 92A-497CY-Extension-TA for authority to extend operations under Common Carrier Certificate No. 381&I for the transportation of machinery, equipment, materials and supplies used in, or in connection with, the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their by-products between all points in the State of Colorado located east of the Continental Divide. The application is restricted against the transportation of petroleum and petroleum products, in bulk, in tank vehicles.

3. The Commission gave notice of the contract carrier application on September 14, 1992. The Commission gave notice of the common carrier application on September 28, 1992. An intervention opposing a grant of the contract application was filed by Black Hills Trucking, Inc. (Black Hills) while Black Hills and Turner Bros. Trucking Co., Inc. (Turner Bros.) intervened against the common application.

4. By § 40-6-120, C.R.S., the application for temporary authority is under consideration for a Commission order.

5. Section 40-6-120(1), C.R.S., authorizes the Commission to grant temporary authority when there appears to be ". . . an immediate and urgent need to any point or within a territory having no carrier service capable of meeting such need."

6. The support filed by New Orbit Drilling Company (NODC) states that it has used Adams & Son Trucking, Inc., (Adams) in interstate transportation and wishes to use them intrastate in Colorado. NODC also reports that it has contracted with Snyder Oil Company (Snyder) for at least one well per week with additional wells possible depending on availability of transportation and drilling crews. In a September 25, 1992 phone conversation with PUC Staff, NODC reported service delays of between two and five days from existing common carriers resulting in approximately \$3,500 per day loss in revenues plus overhead expenses. NODC also stated that Intervenor, Black Hills Trucking, has never solicited their business.

7. Snyder Oil Company has a need to drill as many wells as possible before the end of 1992 and has experienced transportation delays by Black Hills and Turner Bros. In a September 25, 1992 phone conversation with PUC Staff, Snyder Oil Company reported that it has a need for 137 drilled wells by the end of 1992 to avoid losing tax credits.

8. The support filed on behalf of the common carrier

application indicates that shippers are experiencing one to seven days delay in getting their drilling rigs moved. The letter from Veco Drilling Inc. (Veco) indicates that these are significant delays costing them thousands of dollars per day in lost revenues. The support also indicates that a significant factor in the increased drilling activity is the possible expiration of tax credits at the end of 1992. In a September 25, 1992 phone conversation, Veco informed PUC Staff that two to five days delay were common.

9. The support filed on behalf of the common carrier application by CAZA Drilling (CAZA) indicates that the shipper is experiencing one to four days delay in getting drilling rigs moved.

CAZA indicates that these delays are costing it thousands of dollars per day in lost revenues. CAZA also cites the tax credits as having tripled the number of active rigs in the field. In a September 25, 1992 phone conversation, Veco stated to PUC Staff that one to four days delay were common, that losses could be as high as \$3500 per day, and that they intended to drill as many as 60 wells before years end.

10. The support filed on behalf of the common carrier application by Gerrity Oil and Gas Company (Gerrity) indicates that its drilling contractor is experiencing three to four days delay in getting drilling rigs moved. The letter from Gerrity indicates that these are significant delays costing them thousands of dollars per day in lost revenues and penalties if wells are not completed. In an October 1, 1992 phone conversation, Gerrity stated to PUC Staff that up to four days delay were common in getting rigs moved, that losses could be as high as \$25,000 in penalties for wells not drilled, and that it had purchased 1000 drilling sites for use in 1992 and 1993.

11. The support filed on behalf of the common carrier application by Maxim Drilling & Exploration, Inc. (Maxim) indicates that the contractor is experiencing delays of up to six days in getting their drilling rigs moved. The support from Maxim indicates that these are significant delays costing them thousands of dollars per day in lost revenues. In a September 30, 1992 phone conversation, Maxim stated to PUC Staff that Turner Bros. was not available on request and that Black Hills took seven days to move a rig 24 miles.

12. On October 5, 1992, Kenting Appollo Drilling Company, Inc. (Apollo) contacted the Commission's Staff. Although Apollo did not submit a letter of support with the application, it did express to Staff that it had also experienced delays from Black Hills. Apollo supports the application of Adams and will utilize its service if the Commission grants the temporary authority.

13. The Commission finds due to the facts stated in the above paragraphs, there is an immediate and urgent need for additional transportation services and will grant the application for 90 days.

If the drilling activity continues after the expiration of the tax credits, Adams may apply to extend the temporary authority with appropriate proof of a continued need. Since the common application totally overlaps the scope of the contract application, the contract application will be dismissed.

14. The Applicant has adequate equipment and financial resources to begin immediate service within the scope of the authority sought and is willing, ready, and able to operate under all Commission rules and regulations governing carriers by motor vehicle.

15. The Applicant is advised that the granting of a temporary authority makes no presumption that permanent authority will be granted.

THEREFORE THE COMMISSION ORDERS THAT:

1. Adams & Son Trucking, Inc. is granted temporary authority to extend operations under Common Carrier Certificate 381&I for a period of 90 days commencing from the mailed date of this order, with authority as set forth in the attached Appendix.

2. The temporary contract carrier application pending under Docket No. 92A-478BY-Extension-TA is dismissed.

3. Adams & Son Trucking, Inc. shall not commence operation until all requirements have been met and notice in writing has been received from the Commission that the Applicant is in compliance and may begin service.

4. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the Commission mails or serves this decision.

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5. This Order is effective on its date of mailing.

DONE IN OPEN MEETING October 7, 1992.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners

ORDER-HT

Appendix A
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Decision No. C92-1212
Docket No. 92A-478BY-
Extension-TA
Docket No. 92A-497CY-
Extension-TA

Transportation of

machinery, equipment, materials and supplies used in, or in connection with, the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their by-products

between all points in the State of Colorado located east of the Continental Divide.

This temporary authority is restricted as follows:

- (1) against the transportation of petroleum and petroleum products, in bulk, in tank vehicles;
- (2) to providing transportation service to or from actual drilling locations.

ORDER-HT

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