

# **EXHIBIT B**

# **CPCN ORDER**

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Explorer Pipeline Company :  
:   
Petition for a Certificate of :  
Convenience and Necessity to : 56052  
acquire, construct, maintain :  
and operate petroleum pipelines :  
in the State of Illinois. :

O R D E R  
and

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

By the Commission:

On October 14, 1970, Explorer Pipeline Company filed with this Commission its verified petition for a certificate of convenience and necessity to acquire, construct, maintain and operate petroleum pipelines in the State of Illinois.

Pursuant to notice, the matter came on for hearing before a duly authorized examiner of the Commission at its Springfield offices on November 5, 1970. The petitioner and the Engineering and Accounts and Finance Sections of the Commission were represented at and participated in the hearing. Five township and county officials from DeWitt, Macon and Christian Counties also entered their appearances and asked various questions of petitioner's witnesses. A further hearing was held in Springfield on December 10, 1970, at the conclusion of which the case was marked "heard and taken".

On November 5, 1970, Midwestern Gas Transmission Company filed a petition to intervene, which petition was granted by the Commission on November 10, 1970. Subsequently, however, on December 7, said company filed a motion asking to be dismissed from the case.

The Commission, having considered the evidence and being fully advised in the premises, is of the opinion and finds that:

- (1) Explorer Pipeline Company is a Delaware corporation authorized by the State of Illinois to transact within said state the business of transporting petroleum by pipeline and of constructing and operating a pipeline or pipelines and facilities therefor; and is a public utility within the meaning of the Public Utilities Act, as amended;
- (2) on October 26, 1970, the Secretary of this Commission gave notice of the time and place of the first hearing in this matter to the township and county highway officers who have jurisdiction over the public highways the petitioner proposes to cross, to other pipeline companies and to railroads whose facilities may be crossed by petitioner's pipe line, to various telephone and electric utilities operating in the areas included in petitioner's proposed route, and to other utilities, corporations, state and local officials and persons who have or may have an interest in petitioner's proposed pipe line;
- (3) the Commission has jurisdiction of the petitioner herein and of the subject matter hereof;
- (4) petitioner at this time does not own or operate any pipelines within the State of Illinois, or elsewhere, but proposes to construct and to maintain and operate certain pipelines in the State of Illinois as an integrated part of an interstate system of pipelines, such operation to be conducted as a common carrier and as a public utility for hire in the State of Illinois, together with the appurtenances and facilities necessary to the operation and maintenance thereof, for the transportation of gasoline, kerosene, fuel oil and other liquid petroleum products;
- (5) petitioner's proposed pipeline system, of which its pipelines in Illinois will be a part, will consist of a main or trunk line approximately 1300 miles in length, extending from the Gulf Coast States of Louisiana and Texas to the metropolitan area of Chicago at Hammond, Indiana; petitioner will also serve intermediate points along this route; petitioner will accept petroleum products for shipment at Lake Charles, Louisiana and Port Arthur and Pasadena, Texas; from these points of origin, petitioner's main line, being 28 inches in diameter, will proceed to Tulsa, Oklahoma, with a spur

line 12 inches in diameter to the Dallas-Fort Worth, Texas area; petitioner will also accept petroleum products for shipment at Tulsa, Oklahoma, and there will be an injection point at Okmulgee, Oklahoma; petitioner's main line, reduced to 24 inches in diameter, will continue from Tulsa to Wood River, Illinois, and from there to its terminal point at Hammond, Indiana (Chicago Area) with a spur line, 14 inches in diameter, to East St. Louis, Illinois; petitioner will have 5 tank farms located at various points along its main line, including one at Wood River, Illinois; the main line will be served by eleven (11) electrically powered pumping stations, including one in Illinois; petitioner's proposed pipeline system will have an initial capacity of 295,000 barrels per day, with an increase to 800,000 barrels per day planned for the mid-1970's; the Wood River tank farm will have a capacity of 1 million barrels;

- (6) petitioner proposes to interconnect its main line with eight (8) other petroleum products pipelines; major consuming areas in Illinois, including East St. Louis, Champaign, Chicago, Des Plaines and Rockford, would be served;
- (7) the aforesaid proposed pipeline will be constructed in accordance with all Federal, State and local laws, codes and regulations and all applicable USAS B31.4 and Department of Transportation regulations, and other national safety codes; the pipe to be used for the main line in Illinois will be 24 inches in diameter of high tensile steel made in accordance with the requirements of API specifications for test line pipe designated API 5 LX 52, and will have a minimum wall thickness of 0.281 inches; the pipe to be used for the lateral line from Wood River to East St. Louis will be 14 inches in diameter of the same specifications but will have a wall thickness of 0.250 inches; the system will be all welded construction with electrical welding used exclusively; the pipe will be buried a minimum of 36 inches; at all highway and railroad crossings, the minimum will be 52 inches for additional safety; the pipe line will be installed inside casing under all major highways and all railroads in order that no bearing load is imposed on the pipe; the pipe will be coated to protect it from corrosion; as a further protection, the entire system will be cathodically protected; the pipe itself will be hydrostatically tested at the mill; it will be hydrostatically

tested again at the ditch to 90% of the specified minimum yield strength before it is put in actual operation; pump stations will have block valves so that they can be isolated for pressure testing or in case of any emergency; intermediate block valves will be located at all major water crossings and other selected locations as required by the Department of Transportation regulations; the system will be monitored from a central control office which will have monitoring capability for all operating locations; critical valves will be remotely controlled to permit cutting off the flow of petroleum products in case of an emergency; each station will also have what is known as "in station" control gear with the capability of recognizing a fault and shutting the system down in case of an emergency;

- (8) the total cost of constructing and putting into operation the entire interstate system, including the Illinois portion thereof, is estimated to be \$219 million; 10% of said amount will be in the form of equity contributions by the eight stock holding oil companies, to-wit: Apco Oil Corporation, Cities Service Company, Continental Oil Company, Gulf Oil Corporation, Phillips Investment Company, Shell Oil Company, Sun Oil Company and Texaco, Inc.; the remaining 90% of the \$219 million aforesaid will be borrowed through private placement of promissory notes secured by an agreement executed by the aforesaid oil companies; the petitioner's project is financially feasible;
- (9) petitioner's pipeline will be used by the aforesaid stock holder companies and by other shippers of petroleum products and it will be connected with other petroleum products pipelines; it will give additional suppliers access to the Illinois market, thus extending the total supply base available for Illinois and the surrounding major consuming areas; this will tend to alleviate any light petroleum product shortages which may exist and will also, by adding to the total supply base on a competitive basis, tend to stabilize wholesale prices over the long term; more than 400 workers will be involved and a substantial portion of the aforesaid \$219 million will be spent in the construction of the Illinois portion of this project; the shippers over the system will also make large expenditures and utilize numerous employees in the handling, distribution and sale of the petroleum products which

will move over petitioner's system; all of these things will contribute measurably to the economy of Illinois; the petitioner's facilities in Illinois will be subject to ad valorem taxation and the increased tax revenue will require only minimal public services in return; substantial amounts of electric power will be purchased from the electric public utilities in Illinois for the operation of petitioner's pump stations; the proposed pipe line will provide a dependable economical and safe supply of petroleum products to the people of Illinois, in a manner unaffected by weather and without congesting the highways or railroads;

- (10) the proposed route of the Illinois portion of petitioner's pipeline is legally described in Appendix A attached to and made a part of this order; petitioner is presently negotiating for or has already acquired approximately 40% of this right-of-way;
- (11) the construction, operation and maintenance of petitioner's proposed pipeline described and located herein will promote the public convenience and are necessary thereto; and petitioner should be authorized to so construct, operate and maintain said pipeline and necessary appurtenant facilities over, along and upon the route herein described;
- (12) on November 10, 1970, Midwestern Gas Transmission Company was permitted to intervene herein, but on December 7, 1970, said company filed a written motion asking to be dismissed from the case, which motion should be granted.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a certificate of public convenience and necessity be, and it is hereby granted to Explorer Pipeline Company for the construction, operation and maintenance of a 24-inch petroleum products pipeline from the Missouri-Illinois State Line to the Illinois-Indiana State Line and a 14-inch lateral line from the Wood River, Illinois area to the East St. Louis, Illinois area, over, along and upon the route described in Appendix A attached hereto and made a part hereof, and for the tank farm to be constructed in the vicinity of Wood River, Illinois, together with all appurtenances and facilities necessary for the operation and maintenance thereof,

all for the transportation of petroleum products therein as a public utility.

IT IS FURTHER ORDERED that the certificate of convenience and necessity herein granted to the Explorer Pipeline Company shall be the following:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that public convenience and necessity require the construction, operation and maintenance of a 24-inch petroleum products pipeline from the Missouri-Illinois State Line to the Illinois-Indiana State Line and a 14-inch lateral pipeline from the Wood River, Illinois area to the East St. Louis, Illinois area, over, along and upon the route described in Appendix A attached hereto and made a part hereof, and for a tank farm in the vicinity of Wood River, Illinois, together with all appurtenances and facilities necessary for the operation and maintenance of all the above described pipelines and tank farm, all for the transportation of petroleum products therein as a public utility.

IT IS FURTHER ORDERED that the motion of Midwestern Gas Transmission Company referred to in finding (12) be granted and that said company be, and it is hereby, dismissed from this case.

IT IS FURTHER ORDERED that the foregoing certificate is granted upon the express condition that authority or permission to use the lands to be occupied by the facilities described herein shall be secured from the landowners and/or public authorities as and where required by law; and upon the further condition that the permanent right-of-way shall in no event exceed fifty feet in width and the temporary right-of-way during construction shall in no event exceed seventy-five feet in width.

By order of the Commission this 23rd day of December, 1970.

*David H. Armstrong*

Chairman