

**UNITED STATES OF AMERICA**

**DEPARTMENT OF ENERGY**

**OFFICE OF FOSSIL ENERGY**

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**BP WEST COAST PRODUCTS, LLC**

**ARCO PRODUCTS COMPANY**

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**FE DOCKET NO. 02-44-NG**

**FE DOCKET NO. 00-23-NG**

**ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS FROM AND  
EXPORT NATURAL GAS TO CANADA**

**DOE/FE ORDER NO. 1794**

**JULY 2, 2002**

## I. DESCRIPTION OF REQUEST

On June 12, 2002, BP West Coast Products, LLC (BP West Coast) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> for a two-year, blanket-type authorization to import and export natural gas from and to Canada, beginning September 19, 2002. BP West Coast specifically seeks to import up to 25 billion cubic feet (Bcf) of natural gas and export up to 25 Bcf of natural gas between both countries through short-term and spot market arrangements beginning September 19, 2002. Each transaction will be freely negotiated and structured to provide for a market-based price. The imports will enter the United States at a point on the international boundary near Sumas, Washington. From the border, the gas will be transported by the Ferndale Pipeline System to Blaine, Washington, where it will be consumed at BP West Coast's Cherry Point oil refinery in Blaine. The refinery has no access to domestic supplies of natural gas and is entirely dependent on supplies from Canada. BP West Coast intends to export gas in excess of the refinery's requirements to spot market purchasers in Canada.

BP West Coast is a Delaware limited liability company with its headquarters in Los Angeles, California and an indirect, wholly owned subsidiary of BP plc.<sup>2/</sup> Briefly, the background of this import and export application is as follows. Until January 2002, the Cherry Point refinery was owned by ARCO Products Company (ARCO Products). ARCO Products transferred all of its properties to BP

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary of Fossil Energy pursuant to Redlegation Order No. 00-002.04 (January 8, 2002).

<sup>2/</sup> BP plc, based in London, England, is the holding company of petroleum, natural gas, and petrochemical groups. Before January 1999, the company was registered as the British Petroleum Company plc. In January 1999, following a merger with Amoco, the company took on the name BP Amoco plc. In April 2000, BP Amoco plc bought Atlantic Richfield Company (ARCO) of Los Angeles, California. The transition to the BP plc name occurred in May 2001.

West Coast after that.<sup>3/</sup> For the last two years, ARCO Products has been authorized to import up to 25 Bcf of Canadian natural gas on a blanket basis through September 18, 2002, for the refinery.<sup>4/</sup> The authorization BP West Coast applied for will replace the authority granted ARCO Products.

## II. FINDING

The application filed by BP West Coast has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by BP West Coast to import and export natural gas, from and to Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ARCO Products no longer operates the Cherry Point refinery and the company currently is inactive. This change in circumstances effectively nullifies DOE/FE Order No. 1586. Therefore, FE is granting the new import proposal for two years beginning on the date of this order to enable BP West

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<sup>3/</sup> When BP Amoco combined with ARCO in April 2000, ARCO reorganized its West Coast commercial operations to align with the corporate structure of BP plc. As a result of the BP-ARCO acquisition, ARCO Products, which had been the refining and marketing division of ARCO based in Southern California, became a wholly owned subsidiary of BP plc. Effective January 1, 2002, ARCO Products transferred substantially all of its retail and refining assets to BP plc.'s affiliate, BP West Coast.

<sup>4/</sup> See DOE/FE Order No. 1586 issued in DOE/FE Docket No. 00-23-NG on April 24, 2000 (2 FE ¶ 70,480).

Coast to supply the refinery with natural gas without interruption between now and September 19, 2002 (the effective date it originally asked for).

### ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. BP West Coast Products, LLC (BP West Coast) is authorized to import up to 25 Bcf of natural gas from Canada, and export up to 25 Bcf of natural gas to Canada. This authorization is for two years beginning on July 2, 2002, and extending through July 1, 2004. The natural gas will be imported near Sumas, Washington and exported at any international border crossing point between the United States and Canada.

B. DOE/FE Order No. 1586 issued to ARCO Products Company in Docket No. 00-23-NG on April 24, 2000, is terminated.

C. With respect to the natural gas imports and exports authorized by this Order, BP West Coast will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, BP West Coast will report the following information: (1) the total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the reports will also include the following information: (1) whether sales are being made on an interruptible or

firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

D. The reports required by Ordering Paragraph B will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph B is due not later than October 30, 2002, and should cover the period from July 1, 2002, until the end of the third calendar quarter, October 30, 2002.

Issued in Washington, D.C., on July 2, 2002.

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Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy