

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY

BP WEST COAST PRODUCTS LLC)
_____)

DOCKET NO. 05-21-NG

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

DOE/FE ORDER NO. 2085

APRIL 25, 2005

I. DESCRIPTION OF REQUEST

On April 11, 2005, BP West Coast Products LLC (BPWCP) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} for blanket authorization to import up to 25 billion cubic feet (Bcf) of natural gas from Canada, and to export up to 25 Bcf of natural gas to Canada. The applicant requests the authorization be granted for a two-year term beginning on July 2, 2005. BPWCP is a Delaware corporation with its principal place of business in La Palma, California.

II. FINDING

The application 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 and export of natural gas from and 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 BPWCP 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 Order authorizes transactions with terms of no longer than two years.

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

ORDER

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

A. BP West Coast Products LLC (BPWCP) is authorized to import up to 25 billion cubic feet (Bcf) of natural gas from Canada and to export up to 25 Bcf of natural gas to Canada. The term of the authority will begin on July 2, 2005, and extend through July 1, 2007.

B. This natural gas may be imported and exported at any entry or exit point on the border of the United States and Canada.

C. With respect to the natural gas imports and exports of natural gas authorized by this Order, BPWCP shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports and/or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If imports and/or exports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If imports and/or exports of natural gas have occurred, the report must give the details of each transaction, including: (1) the total monthly volumes in thousand cubic feet (Mcf); (2) the average purchase price of gas per million British thermal units (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 United States transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State [OMB No.: 1901-0294]

D. The first quarterly report required by this Order is due not later than October 30, 2005, and should cover the period from July 2, 2005, until the end of the third calendar quarter, September 30, 2005.

E. The quarterly reports shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on April 25, 2005.



R.F. Corbin
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

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UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY, OFFICE OF FOSSIL ENERGY

RECEIVED
FE DOCKET # 05-21-NG

2005 APR 11 A 10: 21

OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY

In the Matter of)
)
BP West Coast Products LLC,)
)

FE Docket No. 05-21-NG

Application of BP West Coast Products LLC for an order authorizing the short-term importation and exportation of natural gas on a blanket basis.

BP West Coast Products LLC ("BPWCP"), a Delaware limited liability company, hereby requests issuance by the Office of Fossil Energy ("FE") of the U.S. Department of Energy ("DOE") of a blanket authorization to effectuate short-term imports and exports of natural gas from and to Canada. BPWCP submits this Application For An Order Granting Blanket Authorization to Import Natural Gas from and Export Natural Gas to Canada ("Application") pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717b, Section 201 of the Energy Policy Act of 1992 ("Energy Policy Act"), and DOE's regulations, 10 C.F.R. Part 590, .

BPWCP has imported and exported natural gas from and to Canada under DOE/FE Order No. 1794. That Order was for a two year period beginning on July 2, 2002 and extending through July 1, 2004. BPWCP is seeking from the Office of Fossil Energy authority to continue to import and export natural gas from and to Canada for a two-year period, commencing on July 2, 2004 and extending through July 1, 2006.

Although BPWCP acknowledges that the submission of this Application does not comply with the filing requirements of 10 C.F.R. Section 590.201(b), BPWCP believes good cause can be shown to permit a later date of submission in that (i) BPWCP believes no prior protests have been lodged against BPWCP's importation and exportation of natural gas in the fashion herein requested, (ii) BPWCP has filed all reports concerning its importation and exportation of natural gas in compliance with the FE's rules and regulations, (iii) no prejudice should result from allowing this late submission, (iv) the public interest is served by allowing BPWCP's submission of this Application for the continued importation and exportation of natural gas to ensure the uninterrupted operation of its petroleum refinery in Blaine, Washington, and (v) BPWCP's late submission can be attributed to the administrative misplacement of the scheduling for submitting this Application due to the change over of staff within BPWCP.

In support of this Application, BPWCP states as follows:

I.

Communications and correspondence concerning this Application should be directed to the following:

Nancy A. Doyle, Esq.
BP Legal Western Region
6 Centerpointe Drive, 5th Floor
La Palma, CA 90623
(714) 228-6508
Doylena1@bp.com

and

Tom J. Kieser
Power & Natural Gas Scheduler
BPWCP Cherry Point Refinery
4519 Grandview Road
CP-Bldg 1
Blaine, WA 98230

II.

BPWCP is a limited liability company, organized and existing under the laws of the State of Delaware, with its headquarters at 4 Centerpointe Drive, La Palma, California. BPWCP is an indirect subsidiary of and is wholly owned by BP America Inc., which, in turn, is wholly owned by BP p.l.c., based in London, England. BP p.l.c. is the holding company of petroleum, natural gas, petrochemical and renewable energy groups. BPWCP, among other things, refines and markets petroleum products, primarily on the west coast of the United States. Of particular relevance to this Application is the fact that BPWCP owns and operates an oil refinery in Blaine, Washington. The sole source of natural gas for this refinery is from Canada.

BPWCP seeks the blanket authorization requested in this Application for the purpose of short-term import and export of natural gas from and to Canada to support the operation of its refinery in Blaine, Washington.

III.

BPWCP hereby requests blanket authority to import up to 25 Bcf of natural gas from Canada over a two-year term beginning on July 2, 2004. BPWCP intends to export natural gas in excess of the requirements of its refinery, and, therefore, also requests blanket authority to export up to 25 Bcf of natural gas to Canada

over a two-year term beginning on July 2, 2004. Such transactions will be through short-term and spot market arrangements. Each transaction will be freely negotiated and structured to provide for a market-based price. In order to ensure maximum flexibility, BPWCP requests that the FE impose no daily volume limit on the import or export of natural gas.

The natural gas BPWCP purchases from Canadian sources to support its refinery enters the United States at Sumas, Washington, and is transported approximately 28 miles by the Ferndale Pipeline System to BPWCP's refinery in Blaine, Washington.

No means exist currently for BPWCP to obtain domestic U.S. natural gas supplies in the State of Washington. The local utility serving the vicinity of Blaine, Washington removed the facilities necessary to deliver gas to BPWCP's refinery.

BPWCP intends to utilize the existing Ferndale pipeline and related facilities for the transportation of its imported gas supplies. Excess natural gas will be exported at appropriate border crossing points between the United States and Canada. BPWCP does not currently contemplate the need for additional facilities.

BPWCP will comply with the reporting requirements required by the FE.

DOE's regulations for the import and export of natural gas, 10 C.F.R. Part 590, specify several specific considerations which an applicant must address or describe in order to provide the FE with sufficient information to examine the application. Specifically, 10 C.F.R. Section 590.202(b) requires an applicant to address or discuss: (1) the scope of the project; (2) the source and security of the natural gas supply; (3) identification of all participants in the transaction; (4) the terms of the transactions; (5) the provisions of the import arrangement which establish the base price, volume requirements, transportation and other costs; (6) the need for the natural gas by the applicant, and (7) the potential environmental impact of the project. Each of these matters are addressed below:

1. Scope of Authorization.

As described above, BPWCP requests authorization to import and export up to 25 Bcf of natural gas over a two-year period, commencing on July 2, 2004 and extending through July 1, 2006, for the purpose of supporting operations at its refinery in Blaine, Washington. All transactions presently contemplated by BPWCP will utilize existing facilities. The transactions will be subject to the FE's reporting requirements.

2. Source and Security of the Natural Gas Supply.

BPWCP anticipates that the purchases and sales of gas under the requested authorization will be of a short-term and spot nature. Moreover, BPWCP anticipates that it will depend on a number of producers and marketers as sources of supply. Thus, in the event that any one supplier is unable to perform, BPWCP will have the ability to substitute another supplier in any particular transaction. BPWCP purchases more than 95% of its gas supplies from Canada on a firm basis. If another short-term authorization is granted, these purchasing practices will continue to assure the security of BPWCP's gas supply. Any import of gas will be based on the specific needs of BPWCP's refinery, and will reflect market conditions existing at the time of negotiation of the purchase agreement. Any gas in excess of the refinery's requirements will be sold to Canadian purchasers at a price that then exists in the market.

3. Identification of Participants in the Transaction

BPWCP seeks authority to enter into import agreements with Canadian suppliers with respect to which trade in natural gas has not been prohibited. BPWCP purchases natural gas from several Canadian sources. These purchases have been reported to the FE under its quarterly reporting requirements. These suppliers, plus others currently unidentified, will be delivering gas pursuant to the authorization requested herein. Once additional transactions commence under the requested authorization, BPWCP will report the identities of the participants in quarterly filings with the FE. BPWCP will sell natural gas in excess of the requirements of its refinery to Canadian purchasers who are purchasing gas on the spot market at the time the gas is available to sell. BPWCP will report these transactions as well in accordance with the FE's requirements.

4. Terms of Transactions

BPWCP anticipates that the transactions in which it will engage under the requested authorization will be for contract terms of two years or less. BPWCP anticipates that the contracts will vary in duration from one day to one year or more. A significant portion of the gas purchases will be on a firm basis with the remainder being on an interruptible basis. The purchase price and sale price will be determined by competitive factors in the gas market through arm's length negotiations between BPWCP and its suppliers and purchasers of natural gas.

5. Provisions of the Import Arrangement Which Establish the Base Price, Volume Requirements, Transportation and Other Costs

The authorization herein requested will facilitate short-term and spot-market transactions. Accordingly, the base price, volume requirements, price-

adjustment and volume-adjustment provisions will be negotiated between BPWCP and Canadian sellers. Such negotiations will be premised on meeting competition in the marketplace. Granting BPWCP's Application will promote competition in the gas marketplace, consistent with FE's primary consideration for meeting the public interest test of Section 3 of the Natural Gas Act and Section of the Energy Policy Act.

6. Need for Non-Domestic Natural Gas in United States Markets

As described above, BPWCP plans to purchase gas as a fuel in its petroleum refinery in Blaine, Washington. The fact that this refinery's sole source of gas is from Canada is evidence of the economic need for such supply.

7. Potential Environmental Impact

As stated above, BPWCP does not contemplate the need for additional facilities at this time. Therefore, granting this Application would not involve a Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, *et seq.* Accordingly, neither an environmental impact statement nor an environmental assessment is required.

V.

The Energy Policy Act provides that the importation and exportation of natural gas from or to a nation with which there is in effect a free trade agreement shall be deemed to be within the public interest, and that applications for such importation and exportation shall be granted without modification or delay. 15 U.S.C. § 717b(c). Because BPWCP's application is for the importation and exportation of natural gas from and to Canada, a nation with which the United States has a free trade agreement, BPWCP submits that its application is within the public interest.

VI.

The authority requested by BPWCP herein is identical to that authority under which BPWCP has imported and exported natural gas in the past. In light of the fact that the authorization requested herein parallels authorizations in which the FE has found the public interest to be served, BPWCP requests that the FE grant such authorization on an expedited basis. Expedient action in granting the requested order will serve the public interest by assuring reliable operation of BPWCP's refinery. In order for BPWCP to assure the continued availability of competitive natural gas supply, BPWCP hereby requests that the FE grant this Application as soon as possible.

VII .

WHEREFORE, BPWCP respectfully requests that the FE expeditiously issue an order, pursuant to Section 3 of the Natural Gas Act and Section 201 of the Energy Policy Act, finding that the proposed blanket import and export authorization is not inconsistent with the public interest and otherwise approving BPWCP's Application in all respects.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nancy Doyle", written over a horizontal line.

Nancy A. Doyle, Esq.
BP Legal Western Region
6 Centerpointe Drive, 5th Floor
La Palma, CA 90623
(714) 228-6508
Doylena1@bp.com

Counsel for BP West Coast Products LLC

Dated: April 5, 2005

APPENDIX A
CERTIFICATE FROM COUNSEL

April 5, 2005

Office of Fossil Energy (FE-34)
U.S. Department of Energy
1000 Independence Avenue, S.W., Room 3E042
Washington, D.C. 20585
Attn: Office of The Assistant Secretary for Fossil Energy

Reference: Application of BP West Coast Products LLC For An Order Authorizing The Short-Term Importation and Exportation Of Natural Gas On A Blanket Basis

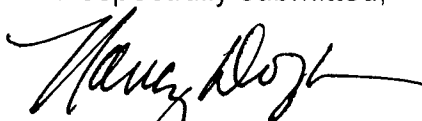
Pursuant to 10 C.F.R. Section 590.202(c), this certificate of counsel is hereby furnished in connection with the Application of BP West Coast Products LLC for authorization to import and export natural gas from and to Canada pursuant to Section 3 of the Natural Gas Act and Section 201 of the Energy Policy Act.

In respect of the above, to the best of my knowledge:

- BP West Coast Products LLC is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and
- The proposed importation and exportation of natural gas is within the company powers of BP West Coast Products LLC, and
- BP West Coast Products LLC either has complied with or is in the process of complying with all applicable state rules and regulations of state regulatory authorities in the states in which it operates,
- BP West Coast Products LLC's Application, or any matter related to the Application, is not being considered by any other part of the DOE, including the Federal Energy Regulatory Commission, or any other Federal agency or department, and
- The undersigned is duly authorized by BP West Coast Products LLC, as a representative and attorney of the company, to file the Application of BP West

Coast Products LLC For An Order Authorizing The Short-Term Importation and Exportation Of Natural Gas On A Blanket Basis.

Respectfully submitted,



Nancy A. Doyle, Esq.

VERIFICATION

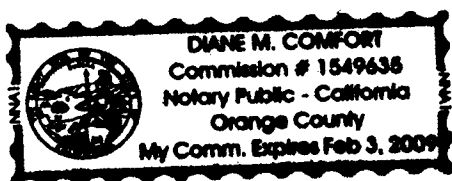
ORANGE COUNTY)
CITY OF LA PALMA, CALIFORNIA)

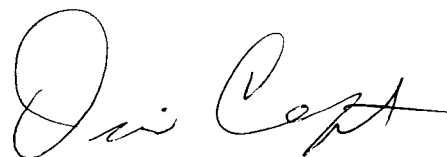
Nancy A. Doyle, Esq., being duly sworn, deposes and says she is an attorney for BP West Coast Products LLC; that she has read the foregoing Application of BP West Coast Products LLC; that she is familiar with the contents thereof; that the statements contained therein are true and correct to the best of her knowledge, information and belief; and that she is authorized to file the same with the Office of Fossil Energy, U.S. Department of Energy.



Nancy A. Doyle, Esq.

SUBSCRIBED AND SWORN TO before me this 5 day of April, 2005.




Notary Public
My Commission Expires:
2-3-09