

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(July 28, 2011)

Take notice that in a nonpublic preliminary investigation pursuant to 18 CFR Part 1b, the staff of the Office of Enforcement of the Federal Energy Regulatory Commission (Commission) has preliminarily determined that BP America Inc., BP Corporation North America Inc., BP American Production Company and BP Energy Company (collectively, BP) violated the Commission's Prohibition of Natural Gas Market Manipulation, 18 CFR § 1c.1 (2011).

Staff alleges that BP violated 18 CFR § 1c.1 (2011) by fraudulently trading physical natural gas in the Houston Ship Channel and Katy markets and trading points to increase the value of its financial swing spread positions. Specifically, staff alleges that BP accomplished its fraud by using transportation capacity between the two markets uneconomically. In doing so, BP contributed to lower HSC *Gas Daily* daily indices to increase the value of its financial positions by making early and repeated sales; using high market concentrations; and by trading relationally to its financial spread. Staff alleges that BP's violation of section 1c.1 of the Commission's regulations occurred from approximately mid-September 2008 through November 2008.

This Notice does not confer a right on third parties to intervene in the investigation or any other right with respect to the investigation.<sup>1</sup>

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

---

<sup>1</sup> *Enforcement of Statutes, Regulations, and Orders*, 129 FERC ¶ 61,247 (2009).

Document Content(s)

MS072811NoFR.DOC.....1-1