

**Statement of Petrogas West, LLC & Petrogas Pacific, LLC to the Whatcom County Council, February 27, 2018 regarding Agenda Bill 2018-77:**

Good evening, my name is Andrew Gamble and I am speaking tonight on behalf of Petrogas West, LLC, which owns a storage and bulk distribution terminal in Ferndale for refined liquid petroleum gases (LPGs) – specifically propane and butane; and for Petrogas Pacific, LLC, which owns the wharf and pier formerly owned by Intalco adjacent to the Terminal. The wharf and pier are subject to an Aquatic Lands Lease with the Washington Department of Natural Resources. The terminal operates with 30 full-time employees and from time-to-time hires up to 50 contractors for maintenance, repair, and upgrade work. Petrogas ships the LPGs from the terminal throughout the Pacific Northwest, and to Korea and Japan

Petrogas previously has provided the Council, as well as the Whatcom County Planning Commission, with written and oral testimony concerning the proposed amendments to the Cherry Point Urban Growth Area portion of the Comprehensive Plan, and on the various interim moratoria adopted by the Council since August 2016. Petrogas is before you tonight to reiterate its concern about language used in prior moratoria and continued in Agenda Bill 2018-77 that defines “unrefined fossil fuels” to include LPGs.

The repeated reference in the Agenda Bill to “unrefined,” with the word underscored throughout, should not include LPGs because they are, in fact, refined fossil fuels; they are chemically different from natural gas and crude oil; and LPGs are treated as refined products under laws and regulations.

First, unlike crude oil or natural gas, LPGs do not exist naturally or in isolation. Instead, they are produced from processing raw natural gas to remove liquids or during the refining of crude oil. By the time Petrogas deals with LPGs, they are highly refined products.

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Second, LPGs also are chemically different from natural gas. Without the refining process, LPGs cannot be used as fuel; whereas natural gas can be and is used without processing. Finally, LPGs are not considered “crude oil” by the Environmental Protection Agency, and have been defined as a “refined petroleum product” under federal laws.

The effect of continuing to include LPGs in the moratorium definition of “unrefined fossil fuels” also is a discriminatory and improper attempt to regulate interstate commerce and it arbitrarily deprives Petrogas of its ability to operate, maintain, and improve its property without just compensation. Petrogas urges the Council to delete from the Agenda Bill the words “propane and butane” in the definition of “unrefined fossil fuel.” Thank you for your consideration.

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