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Controversy for BHP in California

- *By Peter Mitchell*
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A US Congressional committee is investigating an US government agency's handling of BHP Billiton's proposal to build a large gas terminal off the coast of Malibu, California.

The probe is the latest controversy to strike the Australian resources giant's million liquefied natural gas (LNG) \$1 billion project.

If approved, the terminal would be one of Australia's most lucrative export deals worth an estimated \$15 billion.

The investigation centres on why the US Environmental Protection Agency (EPA) decided the BHP Billiton terminal would not be subject to strict local air-quality rules.

The EPA's ruling, made on June 29, 2005, was an abrupt reversal from its previous stance that BHP Billiton (bhp.ASX:[Quote](#),[News](#)) must meet tougher air quality guidelines.

Congressman Henry A Waxman, the chairman of the House Oversight and Government Reform Committee, says he has been frustrated by the EPA's reluctance to hand over documents that could explain the EPA's reversal.

Mr Waxman has set a deadline of March 16 for relevant documents to be reviewed by his committee's staff.

"Unfortunately, EPA's decision to withhold potentially important documents from the committee is impeding Congress' investigation into these issues," Waxman wrote in a letter to EPA administrator Stephen Johnson.

BHP Billiton (bhp.ASX:[Quote](#),[News](#)) has lobbied for almost four years to build the 14-storey high, 295m long LNG terminal, 22.25km off the coast of Malibu, north of Los Angeles.

The project has been vocally opposed by residents of Malibu because they believe it will further degrade air and water quality in the region and become a terrorist target.

Resident groups from Ventura County, north of Malibu where gas from the terminal will be piped to the mainland, also have strongly opposed the BHP Billiton plan.

Two other high-powered US politicians, Senator Barbara Boxer and Congresswoman Lois Capps, have requested the EPA hand over documents, including all communications between "BHP or their agents and EPA regarding air permits or requirements" for the project.

In a separate letter to Johnson at the EPA, Boxer and Capps wrote they were "deeply concerned about the abrupt reversal" in the EPA's position.

The *Los Angeles Times* newspaper last week reported BHP Billiton had spent \$US1.8 million in California last year lobbying for the project. It was the seventh highest expenditure among special-interest groups.

BHP Billiton distanced itself from the EPA controversy today, describing it as a matter "between legislators and the regulators".

"It's really an issue between the elected officials and the regulators concerning the EPA's decision on the project," BHP Billiton spokeswoman Kathi Hann told AAP. "I think it's probably safe to say some project opponents don't like the EPA's decision and maybe that's how this all came about."

EPA spokeswoman Jennifer Wood said the EPA would respond to Waxman's letter "in a timely manner".

"EPA is committed to protecting public health and the environment, while increasing our domestic energy supplies by developing alternative sources of energy like liquefied natural gas," Mr Wood said in a statement.

California Governor Arnold Schwarzenegger is expected to make a decision on the project mid-year.

BHP Billiton plans to ship natural gas from Australian fields to the floating terminal off the coast of Malibu. The gas would then be piped to the mainland.

The company plans to import about 800 million cubic feet daily of gas to meet about 12 per cent of California's requirements.

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