

A Policy Discussion of the BP Crown Landing Liquefied Natural Gas Terminal in Logan Township, New Jersey

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Abstract

BP proposes to construct a Liquefied Natural Gas (LNG) Terminal in Logan Township, NJ. A pier used to unload LNG tankers is a necessary component of this project. The subaqueous soil on which this pier would be constructed is not under the authority of New Jersey, but rather Delaware. As a result, in order for this proposal to move forward, a Delaware Coastal Zone Act (CZA) permit is required. Delaware has denied BP's Coastal Zone Act permit application. This denial has reignited a historical debate between the two states. New Jersey contends that its riparian owners have the legal right to wharf out into the Delaware River. Delaware argues that allowing riparian owners to wharf out without its consent deprives Delaware of its police power with respect to its subaqueous soil. This debate is currently under review by the US Supreme Court.

The proposed BP Crown Landing project is comprised of a terminal for unloading LNG and three tanks for storing LNG prior to processing. Once LNG is "re-gasified," it would be distributed to customers through existing, as well as a proposed, gas lines on site. In its denial of BP's CZA permit application, Delaware characterizes this use as heavy industry, which is prohibited in Delaware's coastal zone. In addition, Delaware contends that the offloading of LNG does not fit the bulk transport facility for a single manufacturing use exception of the CZA. This denial has produced interesting policy questions related to Delaware's ability to prevent the construction of a project located in New Jersey, current uses in Delaware's coastal zone that may be more detrimental to the environment than the proposed LNG project, as well as the role of actual risk versus perceived risk. This seminar is intended to spawn a policy debate regarding the use of safety guidelines, public opinion, and consistency of application in policy implementation using the BP LNG project as an example.

This policy debate will aid my thesis research, which focuses on the potential benefits to Delaware in granting a CZA permit to this project. I am concentrating on the project's environmental and economic impacts, application of Delaware's Coastal Zone Act, and risks associated with the project. A key component of my research is the probability of the federal government allowing this project to move forward under the Energy Policy Act of 2005, despite Delaware's opposition. Should this probability prove to be high, Delaware may benefit by preempting this federal action, opening up opportunities for negotiation between both parties versus the project proceeding as designed.