

petroleum products from 2002 until the present, with the effect of increasing prices in the state of Oklahoma for those products.

2. Employees of BP, commonly referred to as traders, in the course and scope of their employment and with the knowledge and consent of BP, engaged in the unfair and deceptive practices of manipulating, and of attempting to manipulate, gasoline and crude oil prices in connection with the trading of energy futures on commodity trading markets. BP's wrongful actions included acquiring and hoarding short term supplies of gasoline and crude oil, resulting in increased consumer prices for gasoline and refined petroleum products on which consumers rely for basic needs, and in a profit for BP.

3. BP committed the deceptive and unlawful acts alleged herein with knowledge that they would injure Oklahoma and U.S. consumers of gasoline and refined petroleum products. In pursuing these unfair and deceptive acts, BP inflicted harm on consumers in the State of Oklahoma, compromised the integrity of gasoline and other markets, and knowingly and willfully violated Oklahoma state law, and as a result amassed multi-million dollar illegal profits.

4. For example, in October and November 2002, BP unlawfully manipulated the market for unleaded gasoline, thus causing artificially high unleaded gasoline consumer prices in the State of Oklahoma. The effect of BP's illegal actions on unleaded gasoline prices in the state of Oklahoma in October 2002 is illustrated in Appendix 1 to this Petition. This is the same effect on gasoline prices that can be observed in numerous other states during this same period of the illegal manipulation, as is demonstrated by Appendix 2. Similar other periods of manipulation are detailed below in this Petition.

5. After an investigation in September 2003, BP agreed to a fine of \$2.5 million by NYMEX – a record fine at the time – to resolve violations involving oil trading that occurred in

2001 and 2002. However, after paying the fine, BP took no disciplinary action against its Chicago traders involved in the violations. Federal authorities later investigated whether BP used information about its pipelines and storage tanks in Cushing, Oklahoma (the delivery point for U.S. crude futures contracts) to influence benchmark over-the-counter crude oil prices in 2003 and 2004.

6. BP's acts as alleged herein constitute unfair or deceptive trade practices and are therefore violations of Oklahoma's consumer protection laws. BP's unfair and deceptive acts constituting violations of Oklahoma's consumer protection laws include all sales of unleaded gasoline and refined petroleum products in the state of Oklahoma or to Oklahoma consumers or businesses affected by the manipulations by BP and its affiliates.

PARTIES

7. Plaintiff W.A. Drew Edmondson is the Attorney General of the State of Oklahoma. The State's consumer protection laws charge him with the duty to investigate and prosecute claims against businesses that engage in unfair and deceptive trade practices and unfair methods of competition. Plaintiff brings this action as an arm or alter ego of the State of Oklahoma in its sovereign capacity to vindicate public rights.

8. Defendant BP America Inc. ("BP America") is a wholly owned subsidiary of BP plc, a major international energy company headquartered in London, England. BP America is a holding company incorporated under the laws of Delaware and is headquartered in Warrenville, Illinois. BP plc has \$41 billion in fixed American assets and sells 1.7 million barrels of product per day in the United States.

9. Defendant BP Corporation North America Inc. ("BP Corporation North America") is a wholly owned subsidiary of BP America. BP North America is located in

Warrenville, Illinois. BP Corporation North America is registered to do and/or is doing business in the State of Oklahoma, with a registered address of 115 SW 89th Street, Oklahoma City, Oklahoma 73139-8511.

10. Defendant BP Products North America Inc. ("BP Products") is a wholly owned subsidiary of BP America. BP Products owns, wholly or in part, 24 oil refineries; its global share of processing capacity is 3.5 million barrels a day. Of those 24 refineries, five are in the United States, with processing capacity of 1.5 million barrels a day. BP Products is registered to do and/or is doing business in the State of Oklahoma, with a registered address of 115 SW 89th Street, Oklahoma City, Oklahoma 73139-8511.

JURISDICTION AND VENUE

11. This petition is filed and brought forth under the jurisdiction of this Honorable Court pursuant to the provisions of the Consumer Protection Act, 15 O.S. § 751 *et. seq.*, and the common law of this state.

12. The Attorney General's standing to bring this action is conferred by 15 O.S. §§ 756.1 and 761.1 and 74 O.S. § 18b(A)(3).

13. Jurisdiction over Defendants comports with the requirements imposed by the United States Constitution, the Constitution of the State of Oklahoma, and the state of Oklahoma's long-arm statute, 12 O.S. § 2004(f).

14. No federal jurisdiction exists because no claim alleged in the Petition arises under any federal law or treaty or the United States Constitution; nor is the Attorney General, as an alter ego of the State of Oklahoma, a citizen for purposes of diversity jurisdiction. This action is also not brought to recover damages or other relief that may be owed any particular individual.

15. Venue is proper in this judicial district pursuant to 12 O.S. § 133 because Plaintiff is seeking to recover civil penalties and the causes of action arose, in part, within this county. Further, venue is proper in this judicial district pursuant to 12 O.S. § 137 because Defendants can be found here and the cause of action arose, in part, within this county.

FACTUAL BACKGROUND

I. GASOLINE MARKET MANIPULATION

16. Gasoline is a petroleum-derived liquid mixture consisting primarily of hydrocarbons and enhanced with benzenes to increase octane ratings. It is produced from crude oil and other materials in oil refineries and is used as fuel in internal combustion engines. The primary use for gasoline is in automobiles and light trucks. Gasoline also fuels boats, recreational vehicles, and farm and other equipment. Consumers in the U.S. use approximately 360 million gallons of gasoline each day.

17. Gasoline prices traditionally rise during the summer driving months and fall by the winter. On average, demand for gasoline increases about 6 percent during the summer months, leading to typical price increases of about 5-6 cents per gallon between January and the summer.

18. Gasoline is delivered from oil refineries mainly through pipelines to a massive distribution chain serving more than 160,000 retail gasoline stations throughout the U. S.. Gasoline prices are directly influenced by crude oil prices.

19. Gasoline is a commodity that is traded on NYMEX and in other OTC markets. BP engages in commodities trading of gasoline through its NGL Trading Bench in Chicago. Gasoline futures are a more localized market than crude oil and therefore inherently easier to manipulate than the crude oil markets which BP has admitted, and been fined for, manipulating.

20. BP has confirmed that it is under investigation for manipulating unleaded gasoline markets in 2003 and 2004.

21. A key hub for gasoline is the New York Harbor storage market. New York Harbor is the location where spot prices are set nationally for purposes of settling futures contracts and selling gasoline in current transactions. During at least 2002 and after, BP maintained a dominant presence through a moderate concentration of market share at the New York Harbor. BP was also the price leader for unleaded gasoline at this hub. BP was able to move the market and price for both gasoline futures and unleaded gasoline by buying up supply at the New York Harbor hub.

22. BP has taken advantage of its position in the New York Harbor to benefit itself in the futures market through practices such as a futures delivery squeeze. The premise of a futures delivery squeeze is that a manipulator has or acquires a substantial long position in futures contracts and is able to restrict supply of the underlying commodity. The action increases the price of the cheapest to deliver contract (current month contract price increases) because holders of short futures contract positions have to now deliver a more highly valued commodity or else have to buy back their futures contract (unwind the contract) at an inflated price.

23. An example of BP's manipulation of the unleaded gas market began with a futures delivery squeeze on October 31, 2002. On that date, BP effectuated a scheme to hoard the supply of unleaded gasoline at the New York Harbor hub to profit on futures for unleaded gas for the hub. As part of the scheme, BP also refused to sell oil future contracts in order to squeeze the price of gasoline at the hub. Historically, the spread in that season between future prices from month to month (for example, the difference between November and December future prices) is narrow, such as one half cent per gallon. As a result of the BP scheme to hoard

gasoline, the monthly spread of futures prices at the New York Harbor hub grew to as high as 18 cents per gallon.

24. BP's manipulation is confirmable by branch order tickets beginning October 31, 2002 as well as internal trade blotters, contracts specifying the term of physical delivery, and other documentation, as well as tape recordings of traders on these dates.

25. BP specifically benefited by selling unleaded gasoline futures or rolling over future contracts at inflated prices due to the price spike it caused in NYMEX futures during the last day of October 2002 and the first week of November 2002.

26. As a result of this scheme, prices of unleaded gasoline, after declining in the last week of October 2002, increased on average 3.2 cents per gallon over the first five days of November 2002 in the state of Oklahoma and across the U.S., and then resumed a downward trend. Spot prices for unleaded gasoline during this same period declined. Appendix 1 to this Petition illustrates the effect of BP's market manipulation on unleaded gas prices in the state of Oklahoma.

27. Another example of BP's manipulation of the unleaded gas market took place in mid-August 2003. On or before August 10, 2003, BP effectuated a scheme to hoard the supply of unleaded gasoline at the New York Harbor hub to profit on futures for unleaded gasoline. BP also refused to sell oil future contracts to squeeze the price of gasoline at the hub.

28. As a result of the BP scheme in August 2003, gasoline prices at the New York Harbor hub grew by as much as 18 cents per gallon.

29. BP specifically benefited by selling unleaded gasoline futures or rolling over future contracts at inflated prices due to the price spike it caused in NYMEX futures from mid-August 2003 to the end of that month.

30. As a result of this scheme, prices of unleaded gasoline increased, contrary to a trend of declining prices. From August 10, 2003 to August 22, 2003, wholesale unleaded gasoline prices in Oklahoma increased by as much as 18 cents per gallon. By contrast, spot prices for unleaded gasoline in this same period remained essentially unchanged. Appendix 3 to this Petition illustrates the effect on state of Oklahoma wholesale prices.

II. CRUDE OIL MARKET MANIPULATION

31. BP is the largest operator in the U.S. in both crude oil production and natural gas production. During 2001-05, BP's total operated crude oil production averaged about 15.1 percent of the total U.S. crude oil production, and its net share of production interest averaged 12.6 percent of the total U.S. crude oil production. BP's total operated natural gas production averages about 9 percent of the total U.S. natural gas production and its net share of production interest averages about 5.6 percent of total U.S. natural gas production. BP is also by far the largest operator of crude oil production in the U.S. It produced an average of 827 thousand barrels per day and 15.2 percent of the U.S. total crude oil production in 2004.

32. NYMEX continually trades contracts for the delivery of crude oil during the then-calendar month and for each of the next 72 consecutive calendar months. Prices are quoted in terms of 1,000 U.S. barrels (42,000 gallons).

33. The crude oil marketing hub located in Cushing, Oklahoma is the most significant marketing and trading hub for crude oil in North America and serves as the delivery or price settlement point for light, sweet crude oil futures contracts. Cushing is the most active trading hub for crude oil in North America. The market for Cushing crude oil contracts is the industry-wide benchmark for light, sweet crude oil markets.

34. Crude oil from Cushing, Oklahoma is transported by a network of pipelines to oil producing areas and refineries located in the Southwest and along the Gulf Coast of the United States.

35. The pipeline leading into, and the oil storage facilities located in, Cushing, Oklahoma, are thus critical to the fluid operation of trading activities in Cushing and the trading of crude oil futures contracts on the NYMEX. The restriction of pipeline or storage capacity can affect the deliverable supply of crude oil in Cushing and, consequently, can affect both crude oil cash prices and NYMEX futures prices in the U.S.

36. Prior to a required divestiture of some Cushing facilities, BP controlled over 43 percent of Cushing storage capacity, 49 percent of Cushing pipeline delivery capacity, and 95 percent of the trading services provided at Cushing. By such control, BP was able to manipulate NYMEX futures trading markets. Any such manipulation would cause crude oil and gasoline prices to rise and, because Cushing crude oil is a benchmark crude oil, have ripple effects throughout the oil industry.

37. Prior to divestiture, BP used its dominant ownership of crude oil pipeline connections leading into and out of Cushing, and crude oil storage facilities in Cushing, to control the supply of crude oil for delivery at Cushing as required by NYMEX crude oil futures contracts. For example, BP refused to make available space at its crude oil storage facilities in Cushing to market participants who were obligated to deliver crude oil at Cushing or refused to sell crude oil which BP had stored in its Cushing facilities. BP abused this dominant position for purposes of causing crude oil and NYMEX futures contracts to trade at higher prices and artificial price levels. The motive for this conduct was to obtain trading profits on the NYMEX oil futures market.

38. For example, in September 2003, following an investigation, BP agreed to a fine of \$2.5 million by NYMEX to resolve oil trading violations in 2001 and 2002. The settlement includes payments of \$250,000 for each of ten separate alleged violations. Following payment of the fine, BP took no disciplinary action against its Chicago traders involved in the violations.

39. Further, in July 2003, BP Energy Co., the power marketing arm of BP, settled a charge by the Federal Energy Regulatory Commission that it manipulated California's electricity market in 2000-01 for \$3 million. FERC investigators in March found that BP Energy Co. and Reliant Resources Inc. "engaged in coordinated efforts to manipulate energy prices" at the Palo Verde electricity trading hub in Arizona.

40. Because gasoline is derived from crude oil, BP's manipulation of the crude oil market resulted in inflated prices for gasoline and refined petroleum products in, among other places, in the state of Oklahoma, thus causing injury to consumers and businesses in Oklahoma.

EQUITABLE TOLLING AND FRAUDULENT CONCEALMENT

41. BP affirmatively concealed its actions such that Plaintiff, through ordinary and reasonable diligence, could not have discovered the wrongdoing.

42. BP manipulated the gasoline and crude oil markets in clandestine fashion with the intent to mask its actions and deceive others.

43. Plaintiff could not have discovered the existence of the manipulation alleged herein at an earlier date by the exercise of reasonable due diligence because of the deceptive practices and techniques of secrecy employed by BP to avoid detection and affirmatively conceal the manipulation.

44. Despite the existence of such manipulation, BP has publicly denied engaging in such manipulation.

45. Plaintiff, in the exercise of reasonable diligence, could not have uncovered the violations set forth in this Petition at any earlier time because the conspiracy by its very nature was self-concealing.

46. BP actively, intentionally, and fraudulently concealed the existence of the manipulations alleged herein by one or more of the following affirmative acts, including acts in furtherance of the conspiracy:

- a. Secret meetings and telephone calls concerning the manipulation;
- b. Creating a false and misleading appearance of competition in the marketplace;
- c. Representing the transactions at issue in this Petition as legitimate;
- d. Limiting the unlawful plan to a small number of people and key officials and misrepresenting the reasons for unlawful conduct;
- e. Falsely representing to sellers that prices were fair and competitive.

LEGAL CLAIMS

Count I

(Consumer Fraud - Deceptive Trade Practices)

47. The Attorney General incorporates the preceding allegations as if fully set forth herein.

48. Pursuant to 15 O.S § 752(13) a “deceptive trade practice” is defined as “a misrepresentation, omission or other practice that has deceived or could reasonably be expected to deceive or mislead a person to the detriment of that person. Such a practice may occur before, during or after a consumer transaction is entered into and may be written or oral.”

49. BP engaged in deceptive trade practices and acts by entering transactions at inflated prices and committing other acts in which it earned profits as a result of its intentional and willful manipulations.

50. BP earned proceeds through illegal means in transactions constituting deceptive trade acts and practices, in which it charged artificially high prices for gasoline and refined petroleum products as a result of its deceptive conduct.

51. The Attorney General brings this claim under 15 O.S. § 751 et. seq, which, *inter alia*, declares as unlawful unfair or deceptive trade practices.

52. The Attorney General is further authorized to bring this action under the common law as *parens patriae*.

Count II
(Consumer Fraud - Unfair Trade Practices)

53. The Attorney General incorporates the preceding allegations as if fully set forth herein.

54. Pursuant to 15 O.S. § 752(14) an “unfair trade practice” is defined as “any practice which offends established public policy or if the practice is immoral, unethical, oppressive, unscrupulous or substantially injurious to consumers.”

55. BP engaged in unfair trade practices and acts by entering transactions at inflated prices and committing other acts in which it earned profits as a result of its intentional and willful manipulations.

56. BP earned proceeds through illegal means in transactions constituting unfair trade acts and practices in which it charged artificially high prices for gasoline and refined petroleum products as a result of its deceptive conduct.

57. The Attorney General brings this claim under 15 O.S. § 751 et. seq, which, *inter alia*, declares as unlawful unfair or deceptive trade practices.

58. The Attorney General is further authorized to bring this action under the common law as *parens patriae*.

Count III
(Unjust Enrichment)

59. The Attorney General incorporates the preceding allegations as if fully set forth herein.

60. BP has failed to make restitution for the profit it received, at the expense of the state of Oklahoma citizens, from the unlawful behavior outlined above.

61. It is inequitable for BP to retain this profit.

62. BP was unjustly enriched by its fraudulent manipulation, and charged artificially high prices for gasoline and refined petroleum products as a result.

63. The Attorney General brings this claim under the common law, alleging unjust enrichment.

64. The Attorney General is further authorized to bring this action under the common law as *parens patriae*.

PRAYER FOR RELIEF

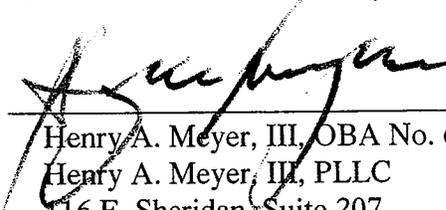
WHEREFORE, the Attorney General prays for the following declarations and relief:

- a. That the unlawful market manipulations alleged herein be adjudged and decreed to be unfair and/or deceptive trade practices in violation of 15 O.S. § 751 et. seq.;
- b. That Defendants were unjustly enriched as a result of their unlawful practices;

- c. That Defendants be enjoined from continuing, resuming, or replicating the unlawful schemes alleged herein and other appropriate injunctive relief as authorized by law;
- d. That a master or receiver be appointed or sequestration of assets be ordered, or a constructive trust be established, to prevent the use or enjoyment of proceeds derived through the illegal acts, and that the expenses of a master or receiver be assessed against Defendants;
- e. That Defendants be ordered to pay damages and provide restitution as authorized by law;
- f. That Defendants be ordered to pay penalties as authorized by law;
- g. That Defendants' license to engage in business in the state of Oklahoma be revoked or that Defendants be enjoined from engaging in business in Oklahoma;
- h. That the Attorney General, on behalf of the state of Oklahoma, recover his costs of this suit, including reasonable attorneys' fees, as authorized by law;
- i. That the Attorney General, on behalf of the state of Oklahoma, be granted judgment in an amount in excess of \$10,000.00; and
- j. That the Attorney General, on behalf of the state of Oklahoma, be granted such other, further and different relief as the nature of the case may require or as may be deemed just and proper by this Honorable Court.

Filed this the 2nd day of June, 2009.

RESPECTFULLY SUBMITTED,

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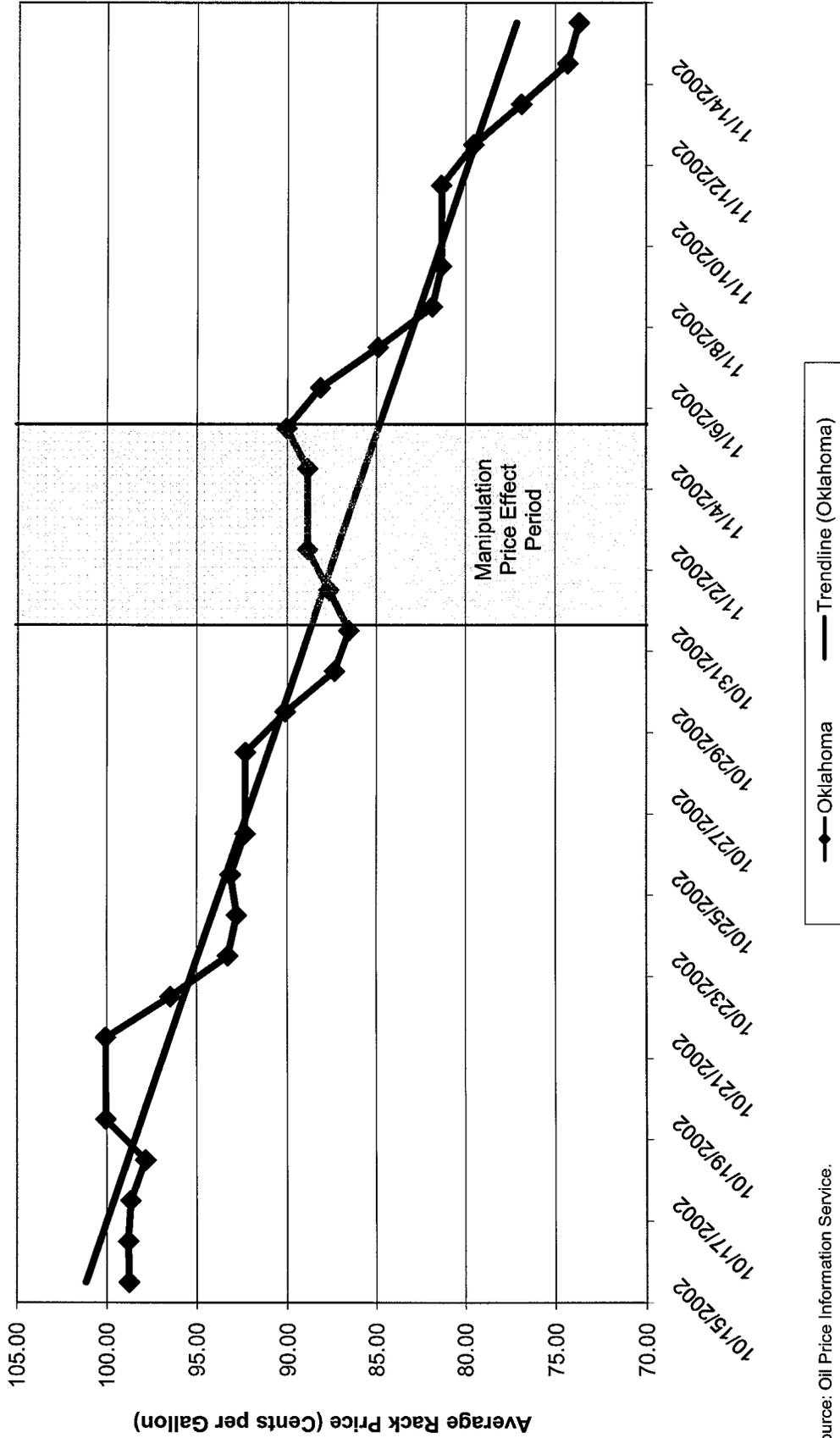
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Appendix 1

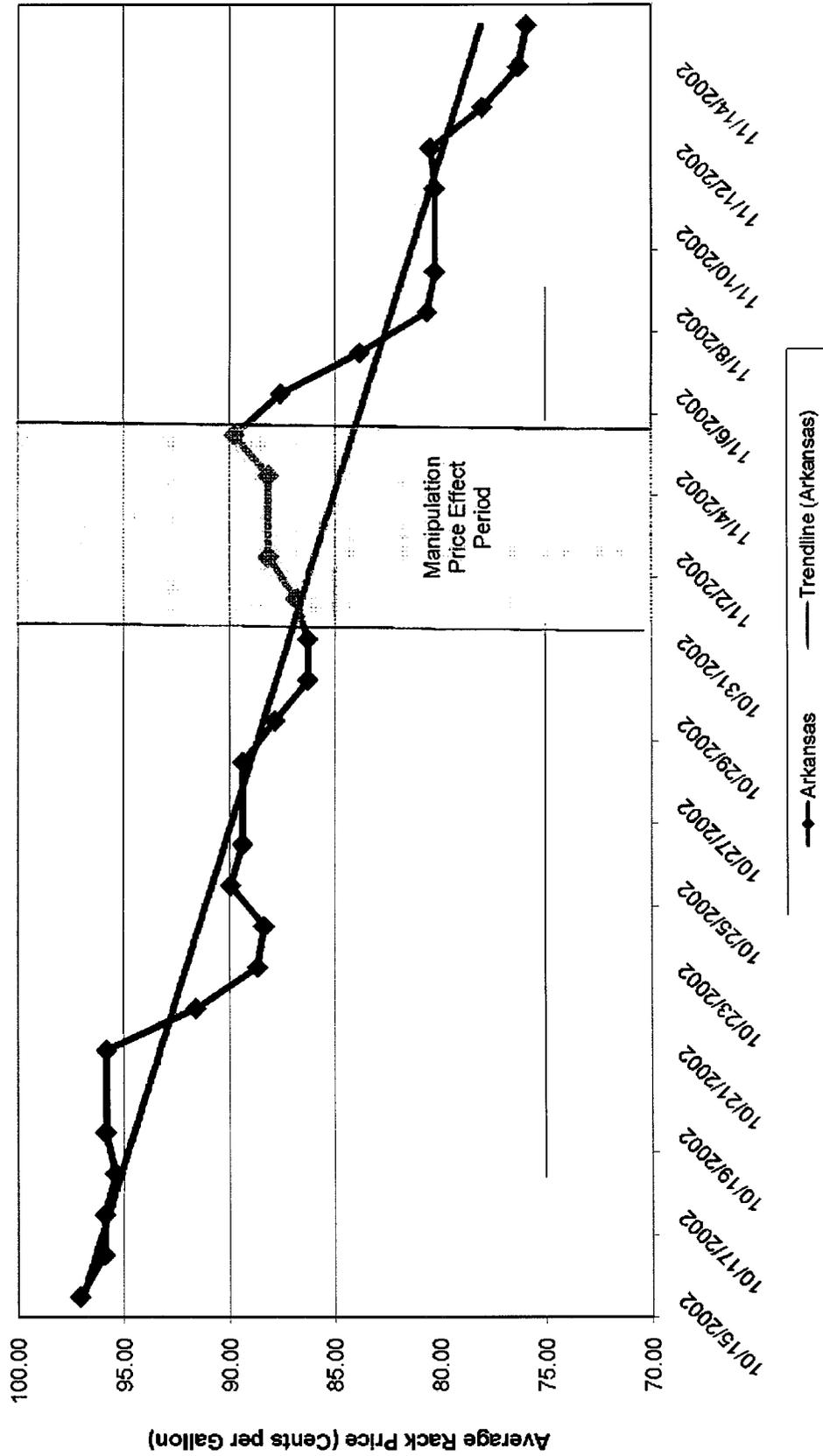
Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Oklahoma



Source: Oil Price Information Service.

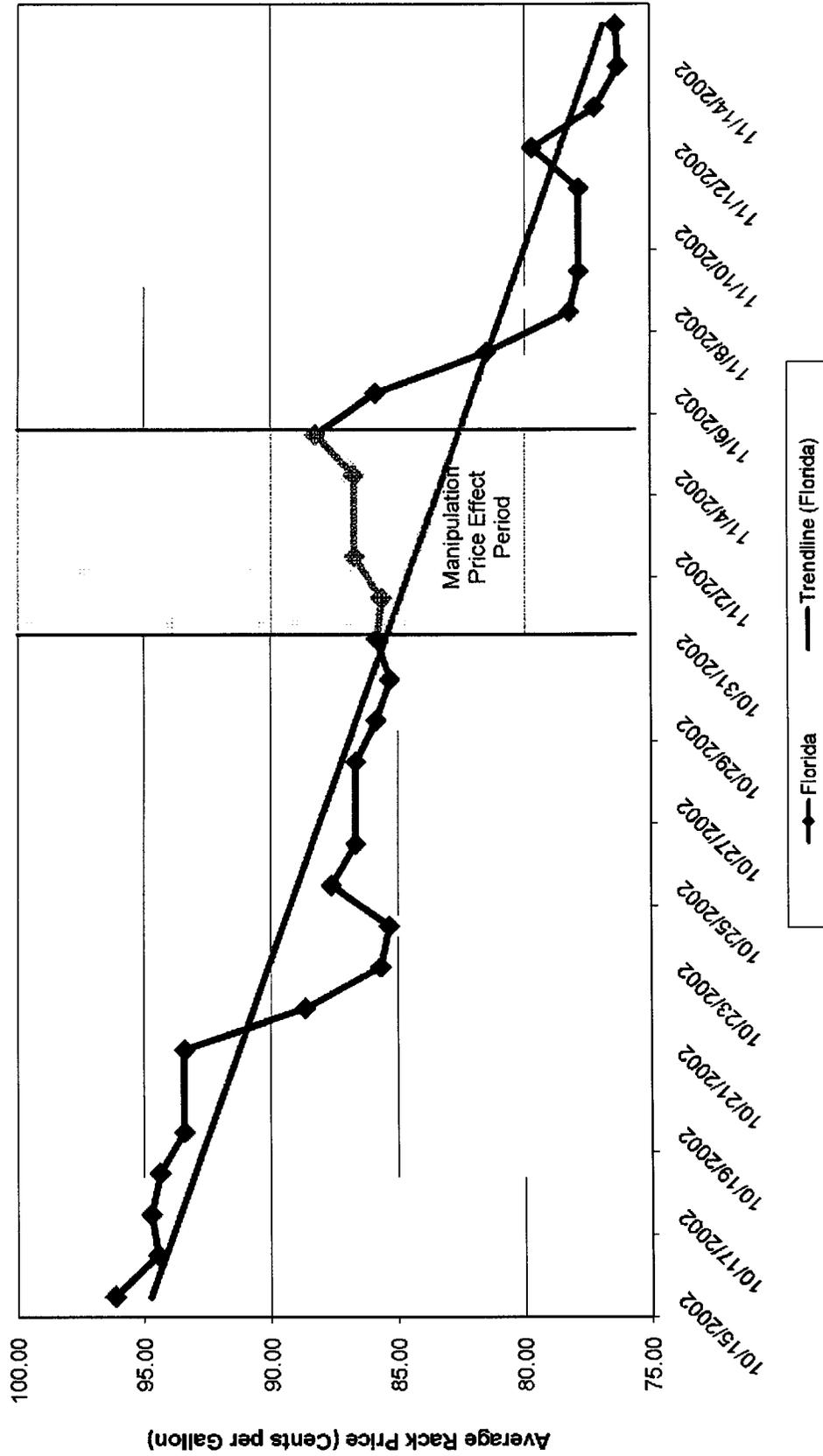
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Arkansas



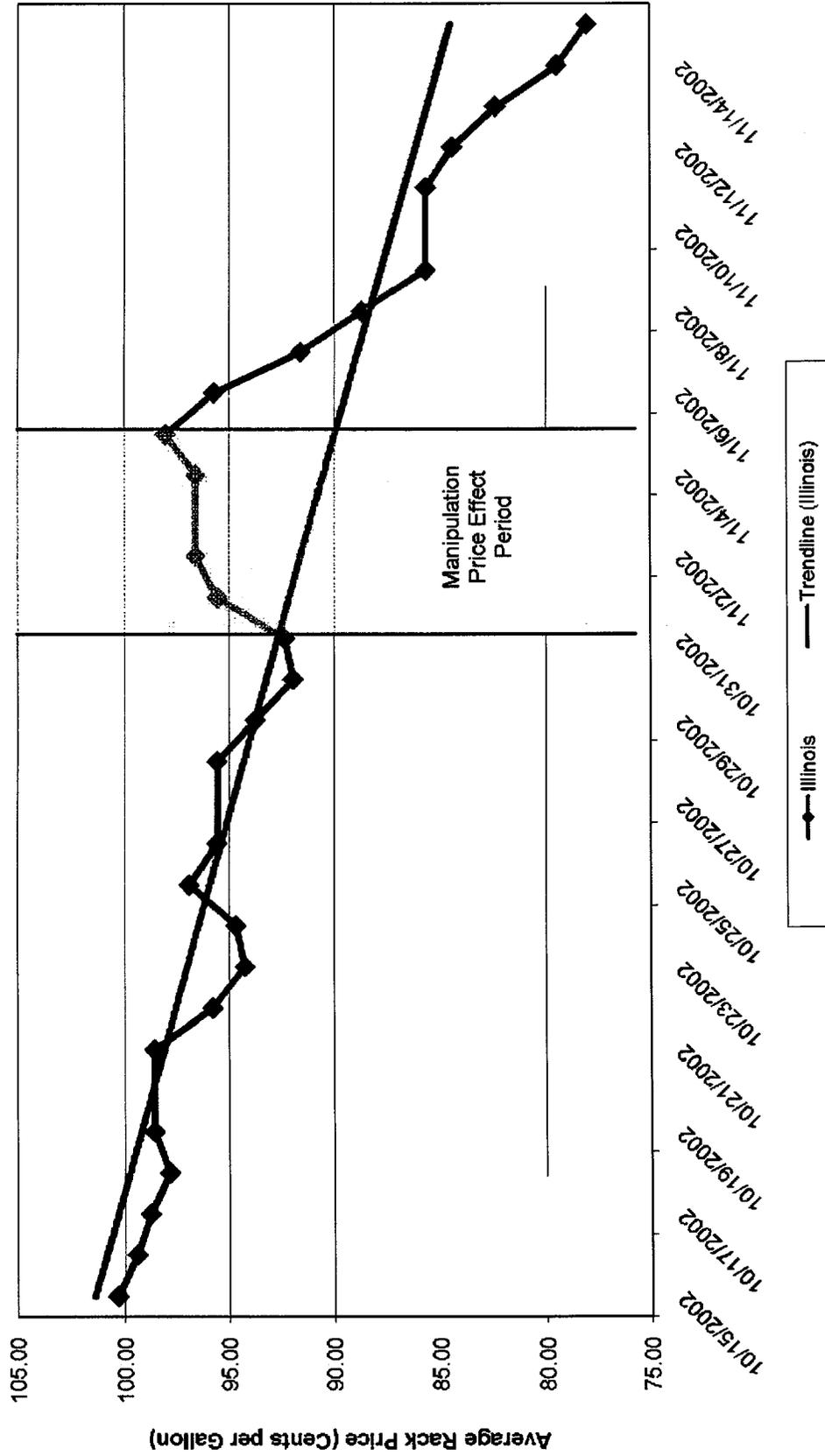
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Florida



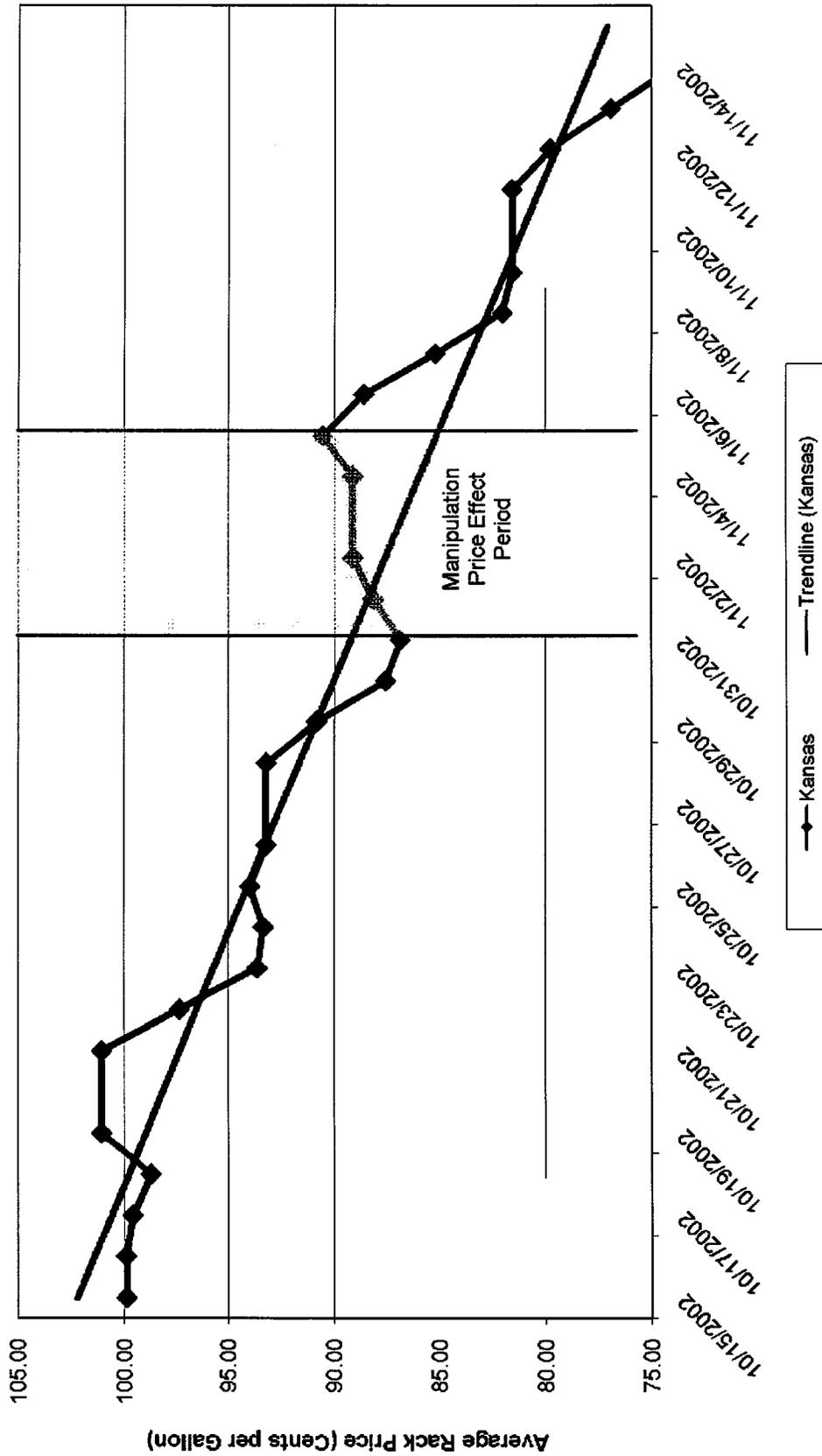
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Gasoline Rack (Wholesale) Average Price
 Conventional Clear Regular - 10/15/2002 to 11/15/2002
 Illinois



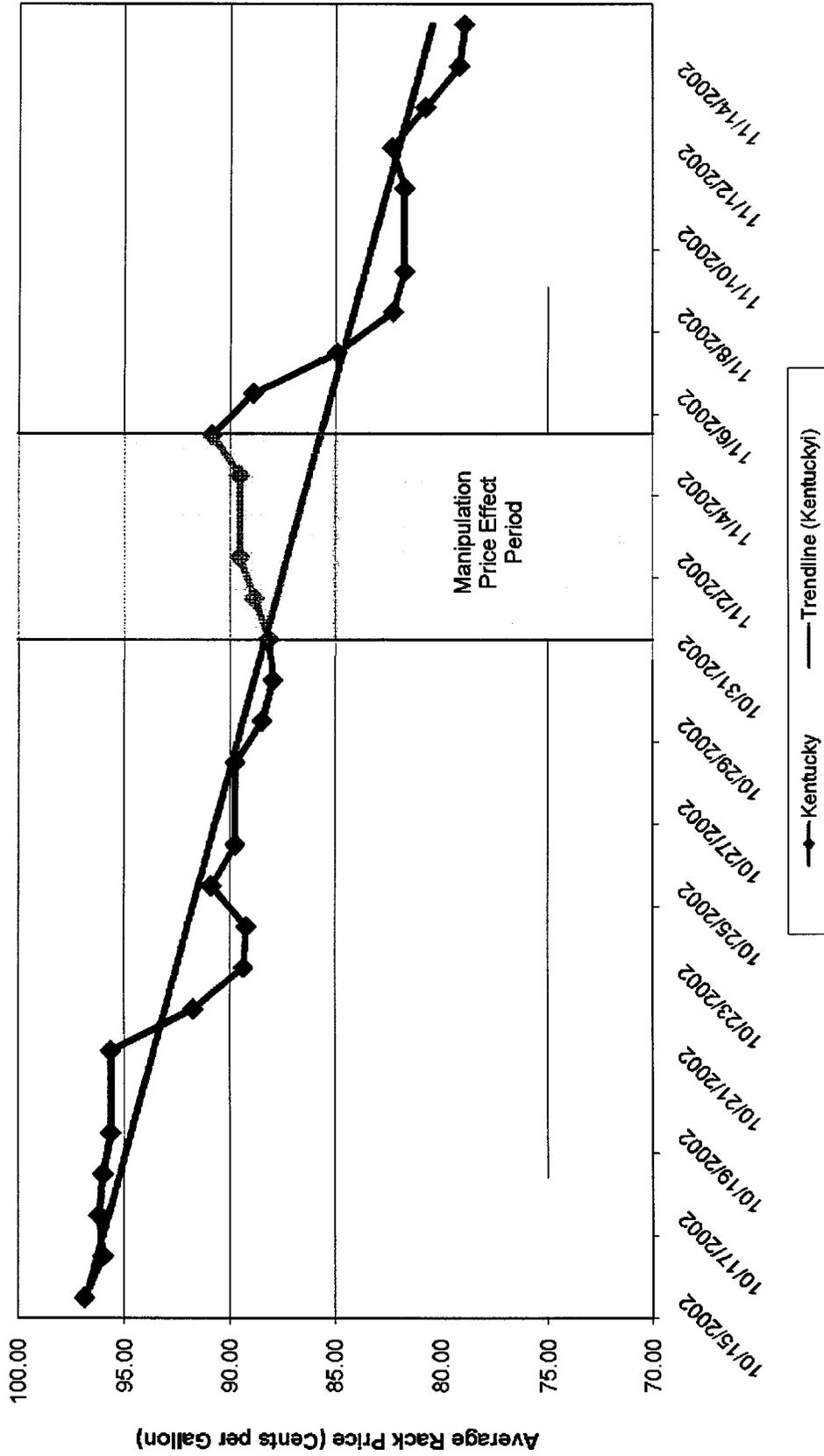
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Gasoline Rack (Wholesale) Average Price
 Conventional Clear Regular - 10/15/2002 to 11/15/2002
 Kansas



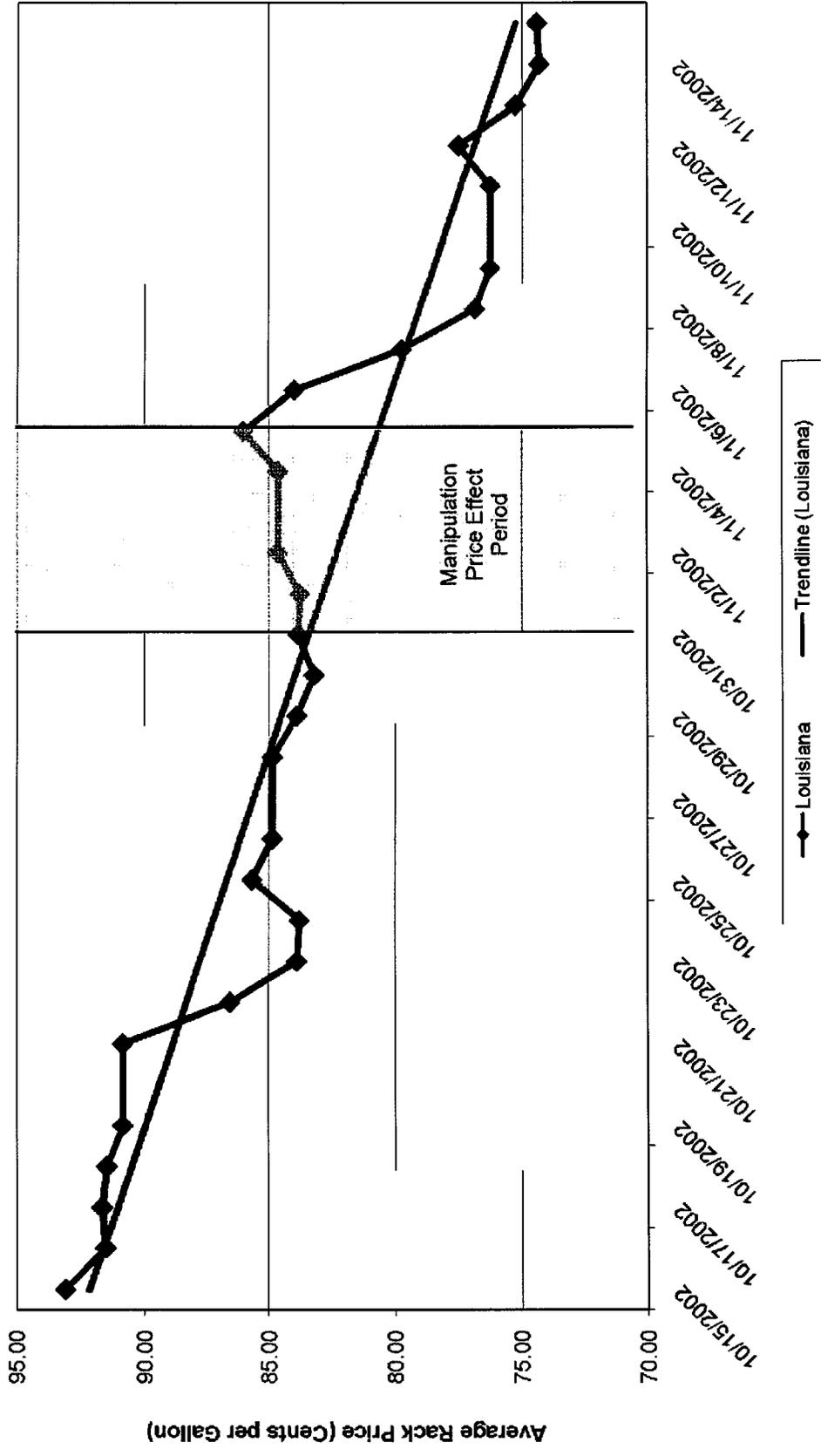
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Kentucky



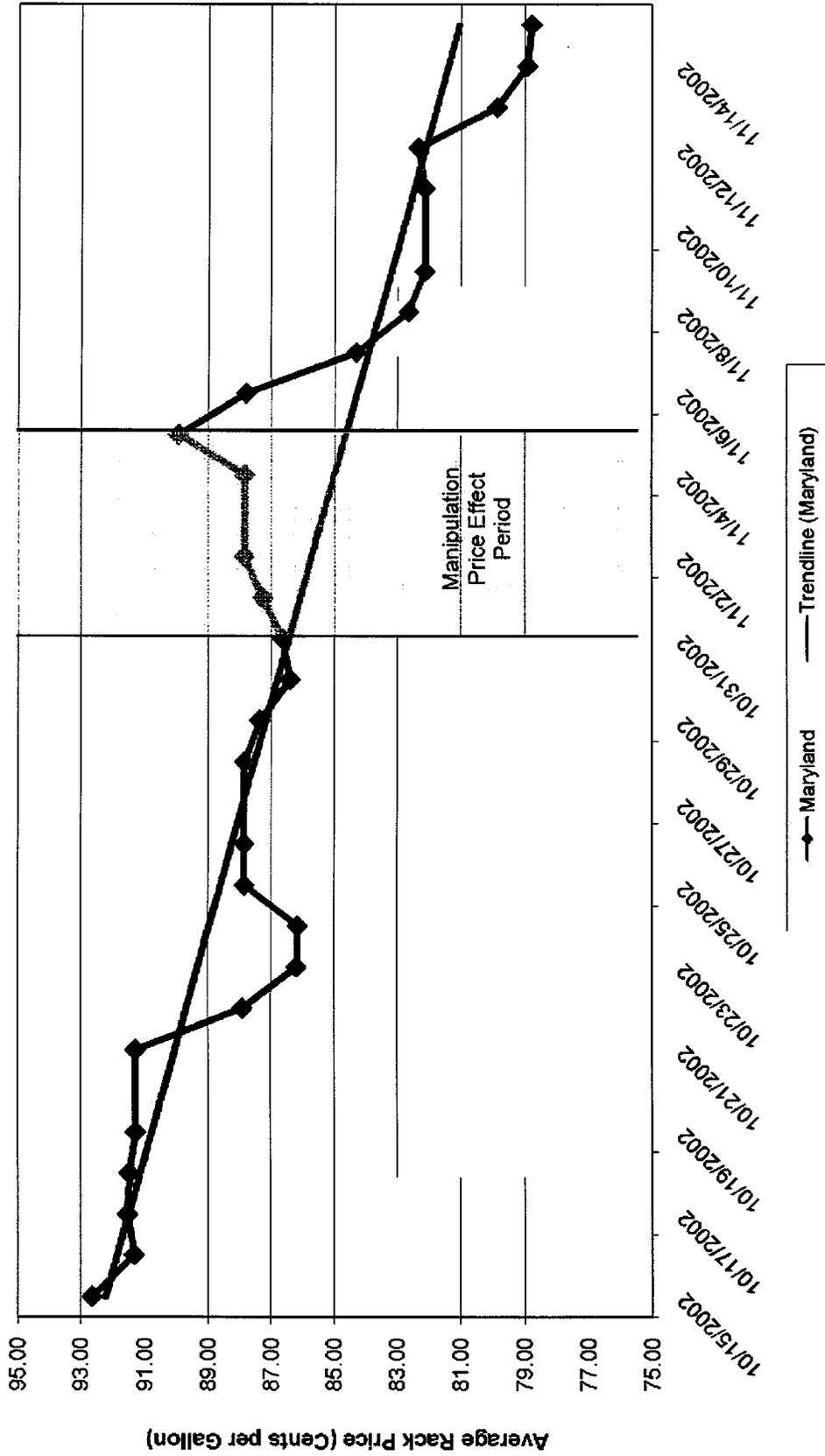
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Gasoline Rack (Wholesale) Average Price
 Conventional Clear Regular - 10/15/2002 to 11/15/2002
 Louisiana



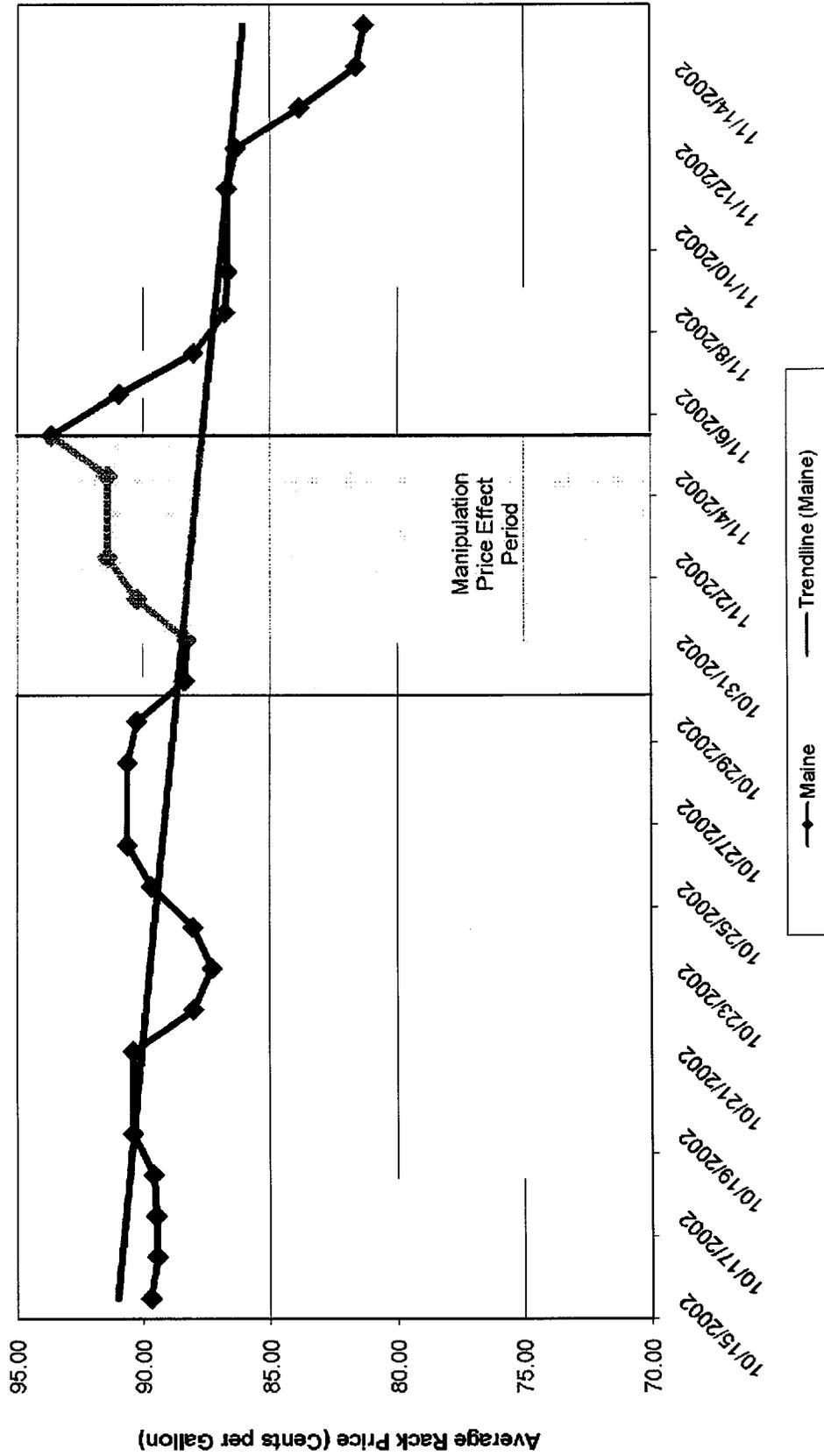
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Maryland



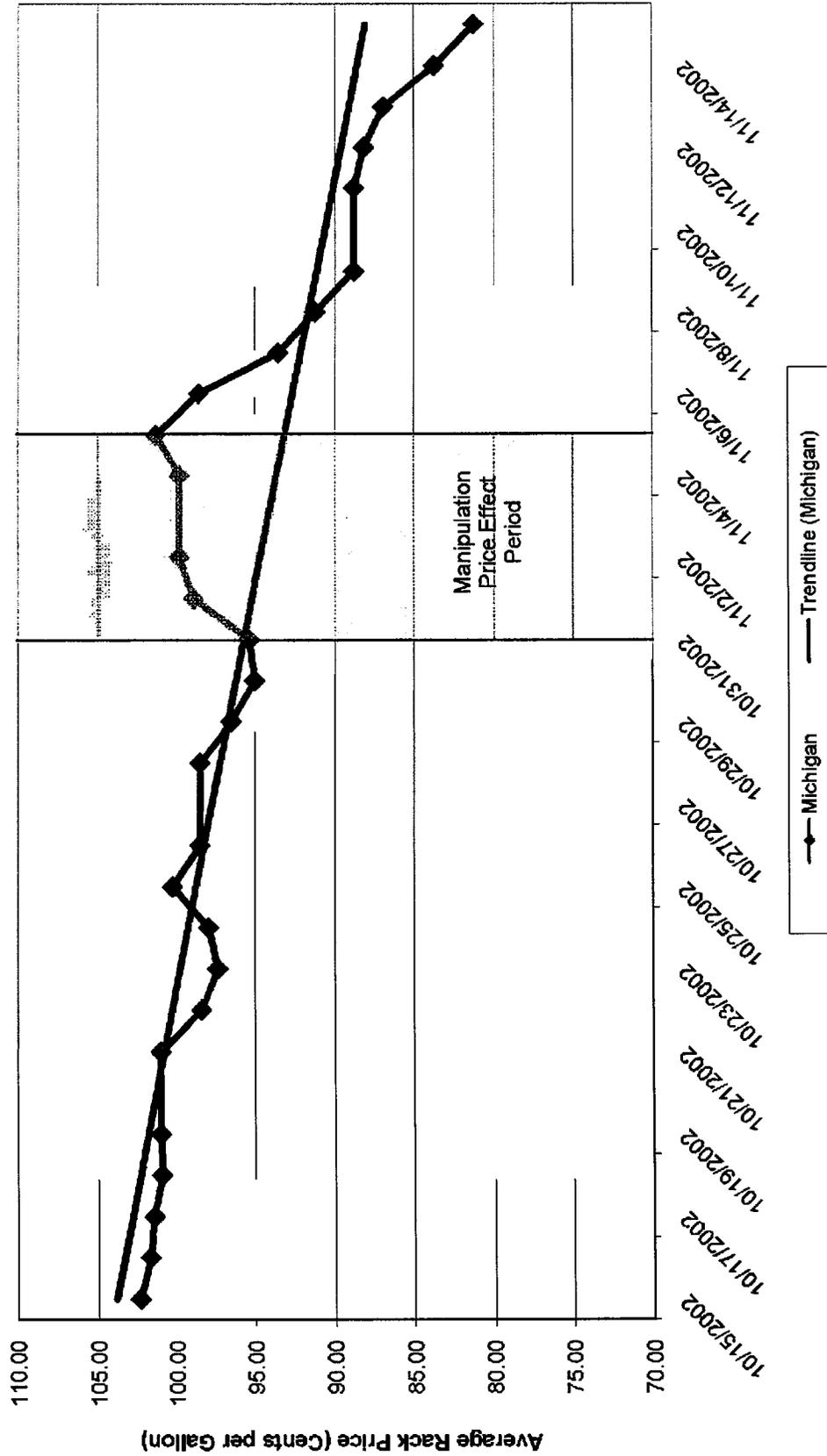
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Gasoline Rack (Wholesale) Average Price
 Conventional Clear Regular - 10/15/2002 to 11/15/2002
 Maine



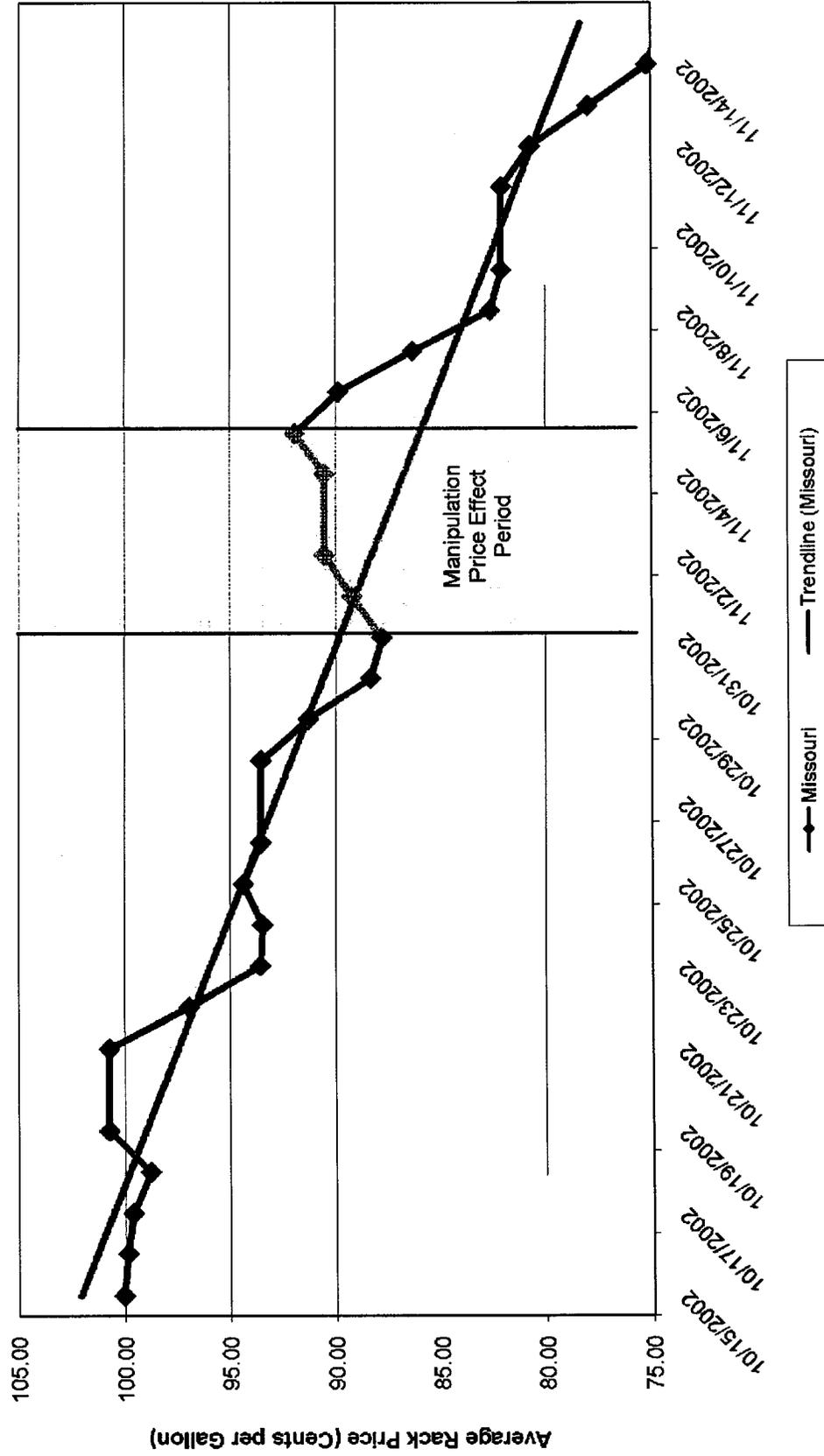
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Michigan



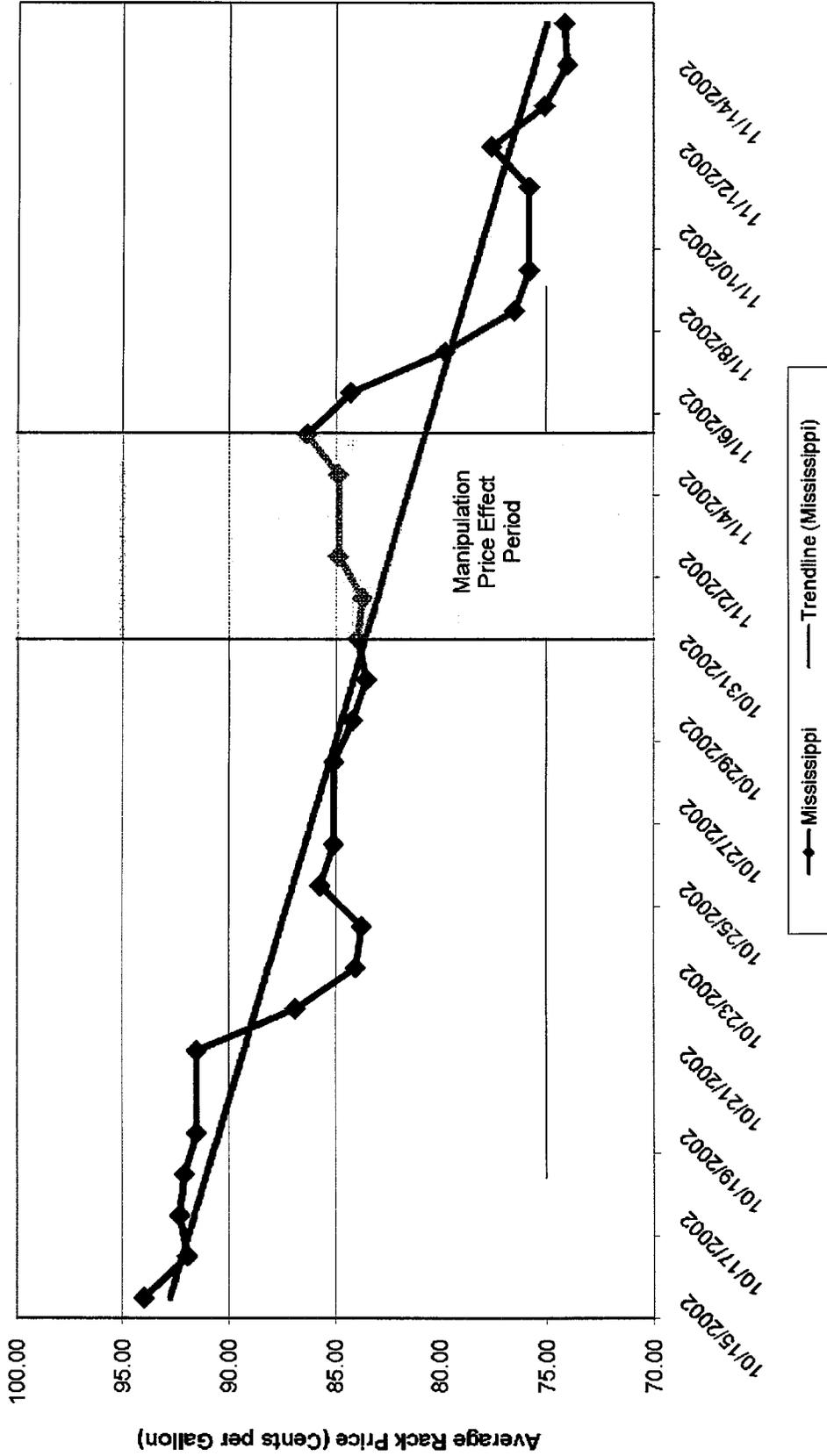
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Missouri



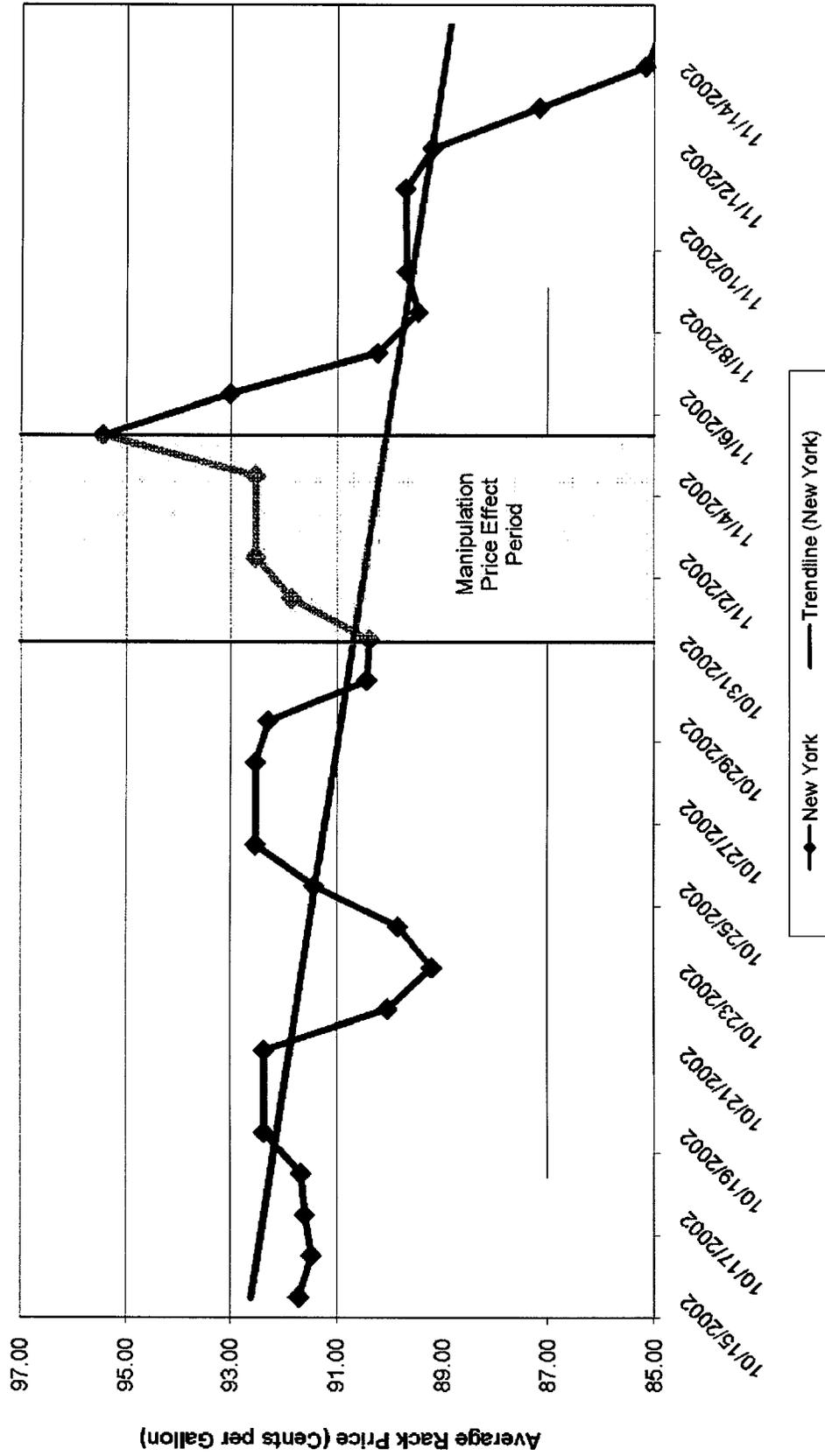
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Mississippi



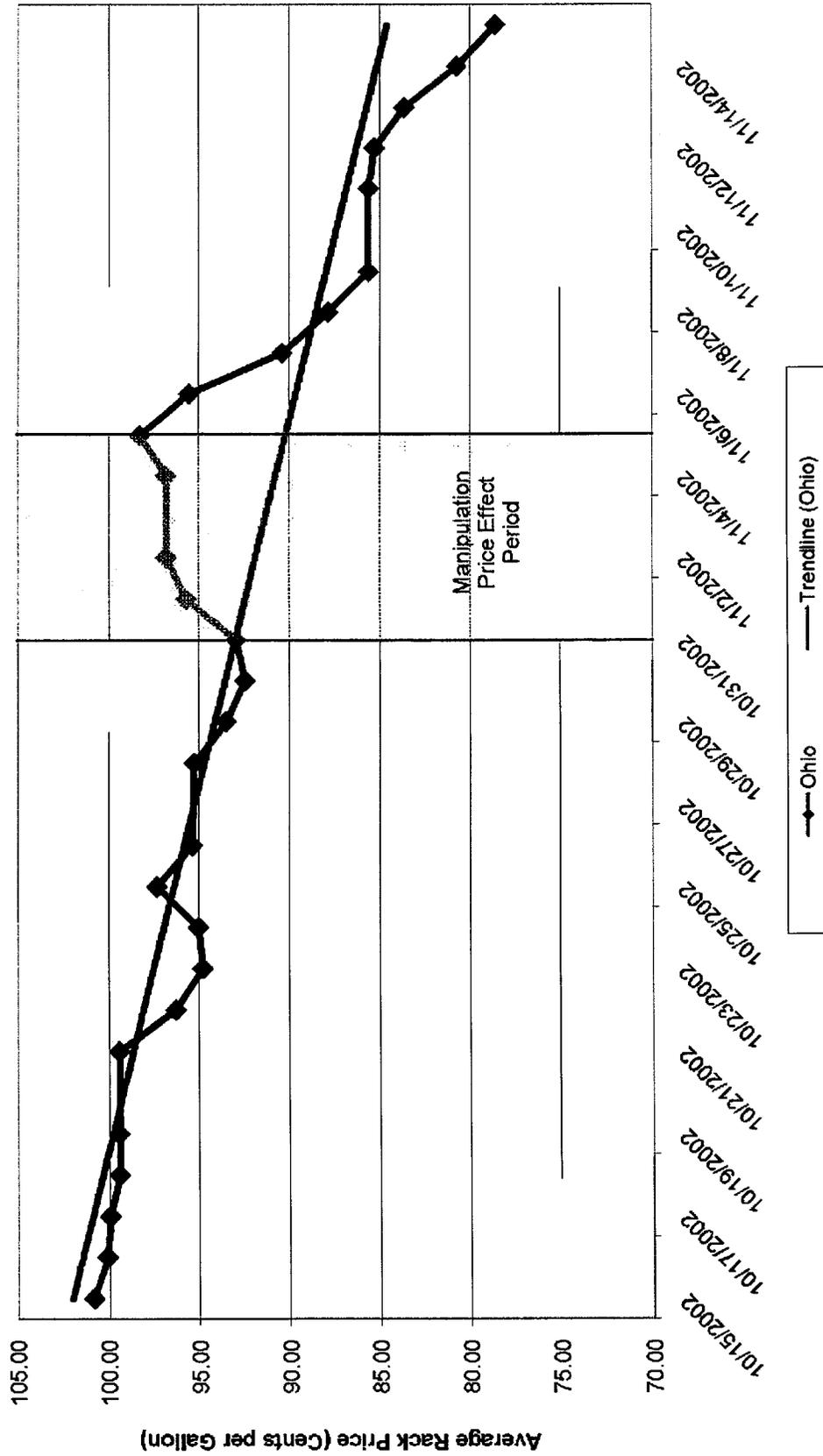
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Gasoline Rack (Wholesale) Average Price
 Conventional Clear Regular - 10/15/2002 to 11/15/2002
 New York



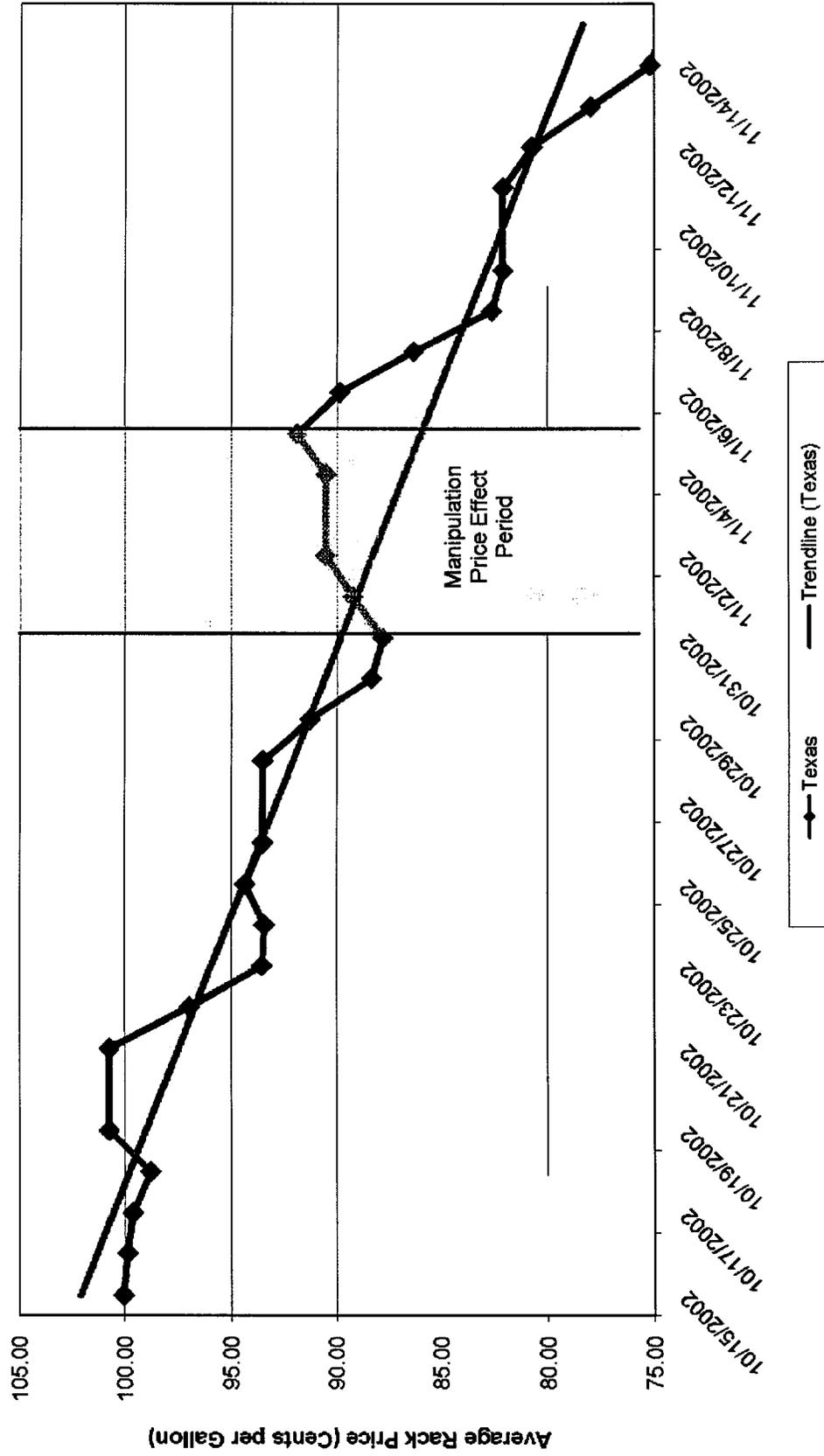
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Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Ohio



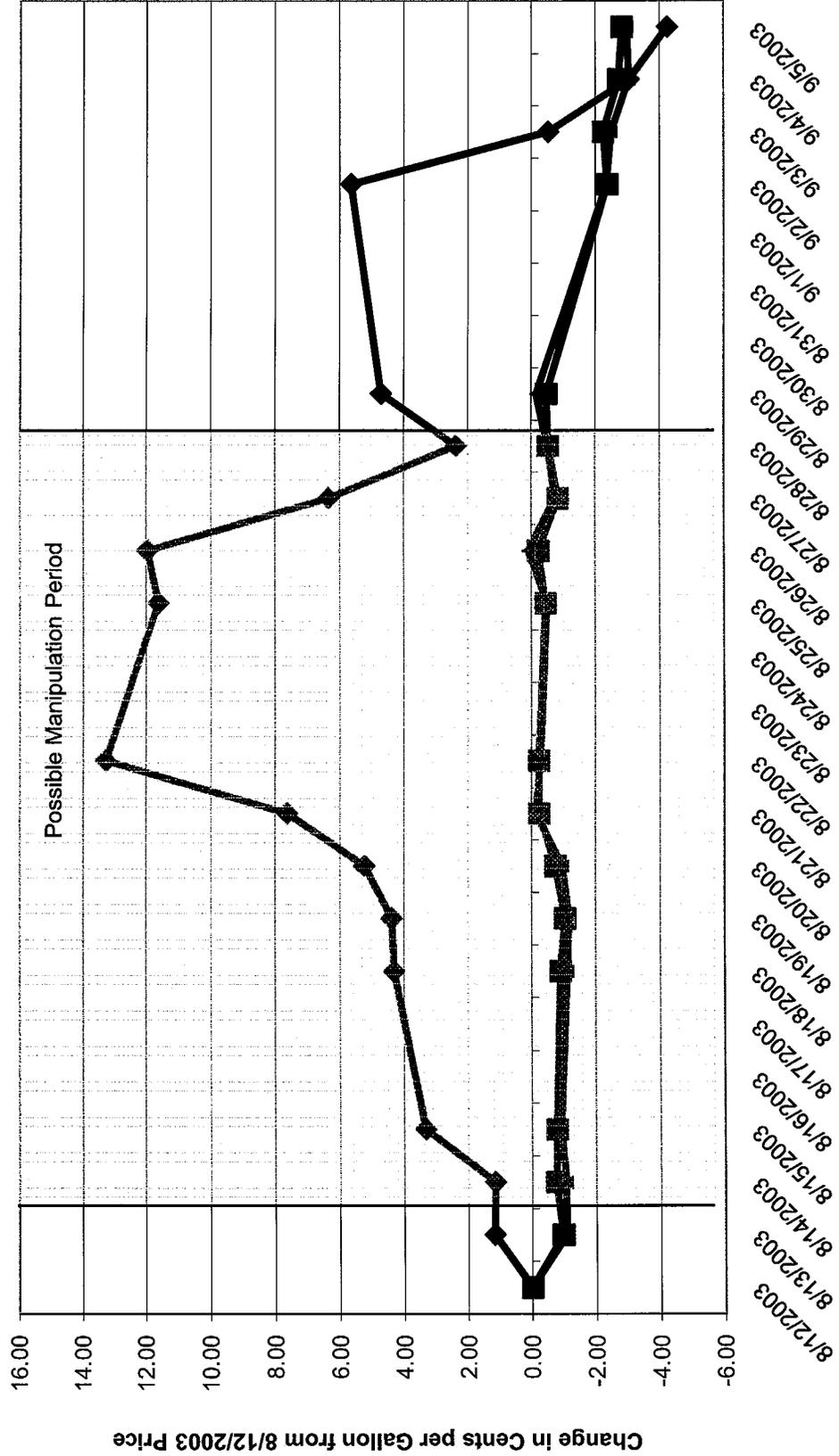
Appendix 2

Gasoline Rack (Wholesale) Average Price
Conventional Clear Regular - 10/15/2002 to 11/15/2002
Texas



Appendix 3

Change in Oklahoma Gasoline Rack (Wholesale) Average Price
 Compared to Change in Futures & Spot Price
 8/12/2003 to 9/5/2003



Source: Oil Price Information Service.